

## News Summary

**GENERAL**  
**More favour EEC entry**  
British public now views favourably Britain's prospects as an EEC member, according to the second of the surveys conducted for FT by British Market Research Bureau Ltd.  
A survey, taken between 29 and August 4, shows that 67 per cent. now think Britain should join (against 76 per cent. in 1969) and that 34 per cent. now want entry, against only 23 per cent. in 1969.  
Also, 49 per cent. said they thought entry would be in Britain's interest, compared with 37 per cent. who replied to the contrary.  
Every question concerning the outlook for the economy as a whole and for individuals inside the Community there is now a more optimistic or less pessimistic view about the future. Back Page

**BUSINESS**  
**Nixon's economic study—a statement**  
PRESIDENT NIXON, after two days of talks at Camp David, yesterday asked for a statement to be made early to-day. His Camp David discussions covered U.S. and international problems including Europe's business centres had expected a move by the U.S. or by European Governments aimed at stabilising world currency markets following continued pressure against the dollar.  
FASTER ECONOMIC growth policies, including retroactive tax cuts and tougher anti-inflation measures, have been urged by the Joint Economic Committee of Congress. Speedier Government spending and an incomes policy in the shape of price and wage guidelines were needed to reduce unemployment, said the Committee. Page 11

**Asian envoy lives in Malta**  
Ambassador Mikhail Gorbachev to Malta less than 24 hours after NATO announced it was pulling out its naval headquarters.  
Like other non-resident envoys, he is known to have been to-day's opening of the summit. However, speculation was raised once more that he will try to persuade Premier to accept Soviet aid.  
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**Quiet, but tense, Jordan border**  
Arabic initiatives by Saudi Arabia and Egypt eased the tension between Jordan and Syria, but the situation remained taut. There were no military incidents over the weekend, however, the situation expected to remain unchanged until after the Egyptian-Syrian summit meeting in Damascus on Wednesday.

**Britain seventh**  
World records yesterday in women's 4 x 400 metres relay the women's 1,500 metres, and East Germany to a total gold medals in the Euro-athletic championships. In today's marathon, Britons Wright and Ron Hill, 2nd and 3rd respectively, followed by Karel Lismon, 4th, in what was 7th overall of games. Page 3

**Ag ring broken**  
Investigations and police outthumped and Liverpool cracked an international smuggling ring, which had been in Tangier, which used to be of vans with secret compartments capable of carrying 300 lbs of cannabis—worth 800 on the black market. The final destination was to be the U.S.

**ash kills four**  
People were killed and two injured when two cars in a head-on collision on A1 near Newport.

**Champion Stewart**  
Stewart crashed at 110 mph in the Austrian Grand Prix yesterday—but won the 1971 Championship. The only man who could possibly have taken him in the standings, Jackie Ickx and Swede Peterson, lost their lives when they failed to start. The race was won by Jo (BRM).

**efly ...**  
ess Anne was 21 yesterday. Let airliner pilot John Shaw, who flies in his spare "for fun," flew his piston plane to victory in the King's air race.  
ing instructor James Wall, 30, of Glasgow, was "factory" in hospital after being the night being injured feet up a mountain in Glen. He had fallen 30 feet.  
re Swindon youths arrested a Blackpool-Swindon soccer team in court later this afternoon on charges of drunkenness.  
lum bandage STP 659119 won week's £25,000. The winner in Middlesex.  
slap-up continued in the b of England as most of the 800 players were slightly all in years continued to all. However, at York, the reached 11 feet above ground and caused further flooding of riverside homes.  
k military regime reportedly levying prominent anti-Greeks of their citizenship, prompting speculation that a constitutional changes soon be announced. Page 17

# Callaghan attacks on Ulster: plea for 3-party talks

BY RICHARD EVANS, LOBBY CORRESPONDENT

The broad consensus of agreement between the Government and Opposition over how the Northern Ireland crisis should be handled is showing increasing signs of strain, but Labour leaders are anxious not to create a split that could make the situation deteriorate still further.

Instead there is likely to be more pressure on Ministers to arrange an early meeting between Mr. Heath and the Premiers of Eire and Northern Ireland.

This became apparent yesterday when Mr. James Callaghan, called in a radio interview for tripartite talks to be arranged at the earliest possible moment.

There will be continuing pressure for the early recall of Parliament unless conditions in Northern Ireland improve considerably. More than 90 Labour MPs have signed the petition demanding a recall, and the sponsors believe that if they can get over 100 signatures Mr. Wilson and the "shadow" Cabinet might feel obliged to issue a formal Opposition request for the Commons to meet to debate Ulster. This would be hard for the Government to refuse.

In an interview in yesterday's *News of the World*, Mr. Callaghan said he was in daily touch with Mr. Wilson on the possible recall of Parliament. "So far we haven't felt this is the right moment. We must wait and see how the situation develops over the next week or two."

In his interview on BBC radio yesterday Mr. Callaghan said he had been "less than enchanted" with what the Government had done in Northern Ireland over the past week—a criticism of the policy of internment.

Ministers in their turn continue to argue that the present situation in Ulster provides no climate for productive talks and that it is essential for terrorism to be crushed and for tempers to be cooled before a political situation can have any hope of success.

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## Army to clear remaining street barricades

BY ARTHUR SANDLES

HAVING given Ulster a week-end of calm through military strength the British Army tonight made it quite clear that its grip would remain tight. As more troops moved in Army headquarters said remaining barricades would be removed.

For some days the Army has been criticised for chasing IRA gunmen while Belfast and Londonderry homes burned. To some extent the military authorities have admitted that they could not cope with everything.

But now, with two days of virtual peace while the IRA licks its wounds, the Army has made it clear that it intends to clear remaining blocked streets. Catholic opposition is almost certain since the barricades are important psychological, and sometimes practical, feature in the troubles. "Without them," say the Catholics, "we feel naked."

But Sir Harry Tuzo, GOC in Northern Ireland, said: "The establishment of an area in which normal processes of law and order can function is not permitted and it will continue to be necessary for the security forces to enter them and re-establish normal access to them."

The operations entailed can cause distress and damage, though it will always be the aim of the security forces to keep such effects to a minimum. "These hard necessities will, of course, be greatly reduced in impact if obstructions are voluntarily removed."

About 70 more troops arrived in Ulster drawn from the Life Guards and Royal Hussars. With them were 30 vehicles. Much of this mobile force will be deployed on the border with the Republic to stop the flow of arms to the IRA which has admitted being low on ammunition.

In answer to Cardinal Conway, the Roman Catholic Primate for all Ireland, who talked on Saturday of "humiliating and brutal treatment by security forces," the Army has suggested that the Cardinal brings any firm evidence he has to support his allegations to the attention of the military authorities.

It now seems certain that the IRA will turn to widespread terrorism rather than continue the current gun confrontation with the British Army.

Army claims about IRA casualties during the Ulster shootings were disputed in Belfast in a statement purporting to have come from the IRA's Provisional wing.

It was admitted that of the 25 reported killed in the past week only two were IRA members.

There was fresh trouble to-day in the Bogside in Londonderry where a mob of 100 pelted soldiers with stones.

Ulster's Minister for Home Affairs, Mr. John Taylor, flew from Belfast to New York for a mystery 24-hour visit to-day.

## Unions' peace plan

BY ALEX HENDRY, LABOUR REPORTER

TRADE UNION leaders decided last night to launch their own peace plan for Northern Ireland. They are to invite leaders of all sections of the community to a special conference which they hope will be held within a matter of weeks.

Mr. Brendan Harkin, chairman of the Northern Ireland Committee of the Irish Congress of Trade Unions, which represents about 250,000 workers, said they were trying to start "a process we are trying to start."

He was speaking after a six-hour conference in a London hotel with Mr. Vic Feather, TUC general secretary, and Sir Fred Hayday, chairman of its international committee. Four members of the Northern Ireland committee had travelled to London to discuss the situation at the invitation of Mr. Feather.

In a joint statement after the meeting they said that trade unionists in Northern Ireland would be urged to disregard calls for strike action by people from outside the movement. They said they were alarmed that further destruction of property and disruption of services would endanger jobs in areas where there was already distressingly high unemployment.

## UCS shop stewards prepare for redundancy notices

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

AS TOP-LEVEL union intervention into the Upper Clyde shipyard crisis is expected to take shape over the next three days, UCS shop stewards were to-day laying plans to cope with the first major problem they are having to face since the "work-in" began here on July 30.

The first redundancy notices will be issued by the liquidator, Mr. Robert Smith, towards the end of the week. The numbers may be fewer than the 400 originally indicated, and the majority will affect forward planning, marketing, estimating and design staff, as well as a number of electricians and sheet metal workers.

The shop stewards' problem is first, to ensure that as many of the redundant workers as possible avail themselves of the "re-employment" offer; and secondly, what to do with them if they continue to come into the

yards from which they have been officially dismissed.

After a meeting of the yards' co-ordinating committee, Mr. James Airlie, chairman of the joint shop stewards' committee, said lawyers and employment officers would be consulted to see how re-employment could best be achieved. He would not reveal details, but assured the redundant workers that they would not have to sit around, but would be found jobs to do.

Mr. Vic Feather, general secretary of the Trades Union Congress, will have the first opportunity in Glasgow to-morrow to acquaint Scottish trade unionists with the TUC's plan for a Clyde-side development authority. He will give details of the plan to a special Scottish congress, including the suggestion for buying through Government finance, and the TUC proposal for a Clyde-side Development Authority.

The general one of Clydeside unemployment.

On Tuesday, the economic committee of the TUC will meet representatives of the Confederation of Shipbuilding and Engineering Unions as well as the STUC in Glasgow in an attempt to reconcile the TUC plan with the shop stewards' "work-in" campaign which aims at retaining both jobs and yards intact.

Our Labour Reporter writes: The executive of the draughtsmen's union, now part of the Amalgamated Union of Engineering Workers, decided at the week-end to pay a special grant of £5 a week to their UCS members who are made redundant but join the shop steward organisation "work-in" at the yards.

The union will also send £500 to the trade union fund being set up to help the campaign to save the yards and will support through Government finance, and the TUC proposal for a Clyde-side Development Authority.

## Truman: Watney's latest terms

BY SANDY McLAHLAN

THE TERMS of Watney Mann's proposed new offer for Truman Hambury Buxton are believed to contain an extra 100p in Convertible Loan stock for every ten Truman shares. The offer is shadowed increase in the coupon on the Loan stock is expected to be 1 per cent. to 111 per cent.

This new bid is conditional on recommendation of the Truman Board, and may not be officially announced in this form if a recommendation is not forthcoming. And for the second time the Board of Truman seems undecided on whether to support a Watney offer. It has been nailing over the Watney proposals since Thursday, and the furthest it has gone is to withdraw its recommendation from the Grand Metropolitan Hotels offer.

The revelation of the proposed Watney terms does not seem to take the situation much further forward.

## Panel interest

A further measure of uncertainty is involved with the interest of the Take-over Panel in the situation. The Panel is to look at the abnormal dealings in Watney Mann shares recently—they have moved up sharply on heavy turnover—to ascertain whether these deals should have been announced under the associated provisions of the Take-over Code. All the parties to the offer have denied that it is their doing, and most of all Watney, which on the face of it stands to gain the most from the strength in its share price.

Taking the new Watney terms as 15 shares plus £11 for 111 per cent. convertible plus 11 shares in International Distillers and Vintners for every 10 Truman shares would value Truman at around 470p a share. The new offer will include an alternative to IDV shares to avoid capital gains tax incidence.

The Grand Met. formal offer has been sent to shareholders over the week-end. It computes the value of Grand Met's latest bid at 445p a share, and Mr. Maxwell Joseph, the company's chairman, says in a letter to Truman shareholders that they have only to compare the records of Grand Met and Watney Mann "to realise that your long-term interests will be best served by accepting the increased offer from Grand Metropolitan." He warns shareholders to be wary of "short term market movements for which there may be no sound basis."

## Expansion

Comparing the acquisition policies of Grand Met and Watney Mr. Joseph says that his company only acquires companies it considers to be capable of expansion, and that it intends to expand the business of Truman. As far as Watney is concerned, he suggests, the justification for the bid appears to be "not on the basis of expansion but by reference to cost saving rationalisation."

In a circular to Truman shareholders, Guinness Mahon, financial advisers to Watney, strongly advises them to ignore the Grand Met offer.

## Probe into uranium re-grading

By Michael Southern, Australia Editor

THE AUSTRALIAN Senate committee investigating the securities industry, is to inquire into the announcements by Queensland Mines last Friday which downgraded its uranium deposits at Nabarlek, in the Northern Territory.

The committee is to investigate share dealings in the company and its associated company Kathleen Investments and will also look into the background to the announcements.

Sensor Sir Magnus Cormack, the committee's chairman, said he was particularly disturbed by the announcement, made to Sydney Stock Exchange on Friday, that the company's ore reserves were 5,760 tons of 240-lb uranium oxide to the ton and 3,200 tons of 16 lbs to the ton.

Last September the company announced the world's biggest uranium deposit, with indicated reserves of 55,000 tons at 540 lbs to the ton.

Sir Magnus said he had already made preliminary inquiries.

"Steps should be taken to restore the confidence of local and international investors in the integrity of the Australian share markets and the development of the mineral industry," he said.

Mining Notebook, Page 13

# Bonn may aid exporters hit by DM float

BY MALCOLM RUTHERFORD

THE WEST German Economics Ministry is working on plans to help German export industries unduly hit by the effects of the floating of the D-Mark. This is probably the clearest sign so far that Bonn sees little hope of significant moves towards a more flexible international monetary system at the annual meeting of the International Monetary Fund in September and plans to press on with the float regardless.

Papers on what would amount to limited subsidies to German exporters are being worked out by Dr. Wilhelm Hankel, head of the money and credit department in the Ministry, and in the absence of Professor Schiller, Economics and Finance Minister, who is one of the most influential figures in this field.

## U.S. move

Meanwhile the Economics Ministry sets no great store by reports that the Americans have officially requested the IMF to study widening the permitted margins of currency fluctuations to 3 per cent. either side of parity. The proposal corresponds with earlier German thinking about monetary reform, but it is understood that the Germans were not informed of the American move in advance, and in any case the Economics Ministry may well have decided to stick out for something much more comprehensive.

One informed source said to-day that the Germans were unlikely to support such an initiative without reaching prior agreement with the French. He added that Franco-German agreement here still seemed a long way off.

There are limits as to how far the German monetary reformists can go without having to consider the wrath of American exporters. This is no doubt why Dr. Hankel has allowed it to leak that the Ministry is considering plans to help the hardest hit. No details of the plans have yet emerged.

Prof. Schiller is due to return to his desk around the middle of this week, after a long absence on leave and foreign travel. But sources close to him suggest that even if there is to be a new German approach to Paris or Washington it will not come quickly. The impression given is that the Ministry and the Bundesbank are glad they floated early enough and are ready to sit back and watch developments. Yet, as the need to say something to encourage exporters shows, they may well be an element of bluff.

Swiss revaluation unlikely

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## High levels

The need to be prepared to do something to help exporters became clear last week when the D-Mark continued to float to unexpectedly high levels. At the official fixing last Friday it was set at DM3.3830 to the dollar, equivalent to a revaluation of just over 8 per cent. Although the Ministry was ready for a drop in German exports, and even sought to encourage it when the floating was introduced last May, it is understood that it was thinking of no more than a temporary revaluation effect of between 5 and 6 per cent.

Both the Ministry and Bundesbank believed to have concluded that, despite the inevitable howls, German industry is well equipped to absorb a revaluation effect of 8 per cent. or more, however, is another matter. In the past few days the Ministry has been harassed with complaints from industrialist federations.

Foreign exchange dealers and the Ministry tend to believe that the de facto revaluation of the D-Mark has now gone too far and that a reaction in favour of the dollar is bound to set in. On the other hand, this is what dealers were saying nearly every day last week—yet the D-Mark continued to appreciate.

The other factor is that as long as the dollar continues so weak it is difficult, if not impossible,

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## SPORT 2: CRICKET... TENNIS

## Ways to improve Tests in England

BY TREVOR BAILEY

ANYONE LUCKY enough to see the final Test in Australia earlier this year must surely agree that there is nothing seriously wrong with Test cricket. Here was a classic contest between two equally balanced opponents—a result of the absence of Boycott and the injury to Snow—who fought out a magnificent contest for five days with fortune continually fluctuating from side to side. Both countries had the opportunity to win right up to the final overs, providing the perfect example of how in cricket it is the situation which generates the excitement far more than the run rate.

Personally I do not believe there is anything intrinsically wrong with Test cricket. But that does not mean there is no room for improvement, especially in England where gate receipts are dropping and likely to continue to do so unless there is some new thinking.

There is not one simple reason for the noticeable decline of interest in Test cricket in this country, rather a series of different factors. First, it must be remembered that the last touring party to come to England which really caught the imagination of the game's followers was the West Indies, captained by Sir Frank Worrell, way back in 1963.

Secondly, the present England team is efficient and effective, but lacking in panache. Certainly not one of the 12 chosen to meet India next Thursday possesses the drawing power of a Compton or a Trueman.

Thirdly, limited over one-day cricket with its obvious advantages and attractions has unquestionably had a detrimental effect on the normal county game which is spreading to the Test scene. It would indeed be ironic, if the instant version, introduced to improve the finances of the counties, should ultimately kill Test cricket, the one big money producer.

Fourthly, far too many Test matches over here finish as unsatisfactory draws because of the weather. This has been per-

fectly illustrated against both India and Pakistan this summer. On our pitches 80 to 90 per cent of Tests, if 30 hours playing time were available, would produce a definite result. It therefore follows that there is one simple method of greatly increasing the chances of achieving a definite result to each contest. All that is required is to forgo the rest day prior to the Test and hold it in reserve to be used, if required, to make-up any time lost through bad weather.

For financial reasons Test matches obviously should take place on Sunday, when crowd potential is largest. If this happens, as eventually it must, I would advocate commencing on Saturday. Should a rest day be considered essential during the game itself, something I am against, this would take place on Monday. The outcome would be for the Test to finish on a Thursday with Friday available to make-up for any time lost on account of the weather.

Fifth, the tempo of Test matches is frequently too slow but this is by no means wholly

## Caution over car 'boom'

By Elizabeth Gangein

GLOWING REPORTS of widespread record car sales were treated with some caution by motor manufacturers yesterday. It was readily acknowledged that the removal of hire purchase restrictions in particular has sent customers to the showrooms, but August usually presents an "upsurge" anyway, particularly as the new registration letter comes into use.

However, British Leyland said it was working at full capacity. Dealer demand was increasing, and rapid deliveries were being asked for.

## Spot check

A spot check during the first week of August at seven British Leyland distributors in the Home Counties had suggested that sales were 40 per cent up. But British Leyland has had a very clear run over the past few weeks, without industrial disputes, which means that "stocks are good, and we are able to supply our distributors." Even so, there could probably be a little delay developing, putting, say, the 14-day delivery for a Mini back to three weeks.

Ford said that it is to recruit another 1,000 car workers at Dagenham, which did not, however, indicate a new "fantastic" boom. It had been working flat out since the end of the strike last April.

Vauxhall, too, reports a very good August demand. A spot check on orders at some dealers during the last two weeks of July had indicated a 25 per cent improvement over the same period in 1970.

Generally the feeling is that the Chancellor's measures, plus the start of the new registration letter, have had their effects, but to talk of a boom while the components sector is largely on short time is a bit of an exaggeration. The manufacturers still worry about long-term difficulties and "there are too many intangibles in our business," as one of them said.

## NEW LLOYDS BOOK ON MARKET

Facts about the Common Market—why the EEC was formed, what the Treaty of Rome entails and how the Market works in practice—are contained in a revised book published by Lloyd's Bank and available free.

## THE WEEK IN THE COURTS

## Inertia selling—protection for the consumer

BY SYNTIANIAN

THE parliamentary campaign against inertia selling (the unsolicited despatch of goods in the hope that the recipients will be persuaded to buy) came to fruition last Thursday with the coming into force of the Unsolicited Goods and Services Act, 1971. There have been signs that the publicity given to the campaign has already decreased the scope of inertia selling; if so, the Act will set the seal on another move in the field of consumer protection.

The essence of the law's attempt to outlaw inertia selling is that the recipient of unsolicited goods may, under certain circumstances, retain the goods as an "unconditional gift." The circumstances have the effect of making the recipient of unsolicited goods their owner, either by doing nothing for six months after receipt or by giving the tradesman notice and then waiting 30 days. This civil remedy against the inertia seller is buttressed by a criminal provision only if and when the sender makes a demand for money, asserts a right of payment, threatens legal proceedings, places or threatens to place the recipient on a black list, or

threatens to make any other collection procedure. Inertia selling is only the main subject of the Act, which contains two other important reforms. The "bogus directory" operation, in which entries are sold for non-existent directories, is a practice, which, it is believed, extracted annually somewhere between £4-£13m. from business firms, and is dealt with by spelling out the information to be given by directory-producing firms before payment may be claimed.

## Order form

An order for an entry in a particular directory, must be made on a form identifying the proposed date of publication, giving both the name and address of the publisher and its price (including the number of copies to be distributed free of charge), and showing the nature of the entry. Any failure to comply with these provisions will not attract any penalty, but if there is any demand for payment on the basis of an order failing to comply with the provisions, the offender will be punishable by a fine not exceeding £400.

The third provision of the Act, added belatedly as a result of vociferous complaints by the public to MPs, ironically has the topical ring about it. The unsolicited sending of "any magazine, book or leaflet (or advertising material for any such publication) . . . which describes or illustrates human sexual techniques" will not only attract the civil remedy available for all inertia selling but will also come under the heavier stick of the criminal law.

This provision seems directed mainly at advertising material, since the sending of magazines or books can normally be dealt with under the Post Office Act, as was done in one of the charges against the three editors of the *Or School Kids* issue. The liberal's worry about this ill-conceived law is that the publisher who advertises indiscriminately a book which might be "indecent" or "obscene" may be guilty of an offence, even though the rest of the advertising material is neither indecent nor obscene. Since the consent of the Director of Public Prosecution is required for a prosecution, perhaps there is little to fear of an unjust trial.

## Victims of third-party fraud

THE DAY after this column (August 2) advocated a change in the law to give the courts power to apportion loss between the innocent victims of a third-party's fraud, Mr. David Weitzman, QC, asked the Attorney-General in the House of Commons whether the Government would legislate to introduce apportionment in such cases, or at least refer the matter to the Law Commission. The reply (in a written answer) was disappointing: There are no plans for amending this branch of the law, although there was the usual crumb of comfort in the statement that the recent decision in *Lewis v. Avery* (on which this column based the article of August 2) would be studied.

## Rejection

The Attorney-General did, however, rest his rejection of the proposed change on the report in 1966 of the Law Reform Committee (a part-time standing committee appointed by the Lord Chancellor) which, he said, thought apportionment was impracticable in this area of the law. While it is true that the Law Reform Committee, in its 12th report on the transfer of title to chattels, did come down against the idea of apportionment, that cannot be the last word on the subject. In any event, the Committee's reasoning appears suspect.

The Committee acknowledged the attractiveness of the proposal as an attempt to do justice as between two innocent vic-

tims of fraud. But on grounds of practicality, the Committee thought that apportionment would introduce into the law "that uncertainty which inevitably follows the grant of a wide 'virtually unrestricted' judicial discretion." The Committee went on to conclude that this uncertainty would be likely to increase litigation and make it more difficult for businessmen to obtain reliable legal advice or to assess the likely financial outcome of their dealings so as to insure effectively against the risks involved.

But does uncertainty in the law—and it is really uncertainty in the application of a well-defined rule of law—provoke increased litigation? Logic might dictate such a conclusion, but what are the facts? If analogies are any guide, the experience of apportionment in the case of frustrated contracts, provided for in the Law Reform (Frustrated Contracts) Act 1943, argues contrarily. Decisions of the courts under this Act are rare; indeed, many lawyers argue that it is the very uncertainty of how courts would apportion loss that produces negotiated settlements without resort to the courts. (One should be quick to point out that this view has not led opponents of it to support a wide judicial discretion: quite the contrary).

The Committee's view, moreover, proceeds on the assumption that the present law exhibits the prime virtue of attaining certainty. Two leading cases sell makes a substantial difference in the Court of Appeal in ten years discussing the relevant technical rules do not induce a property laws.

sense of certainty in the law. If it is impossible to predict who of two victims of fraud the court will adjudge is the more to blame, there is no knowing whether the court will conclude that the owner of goods was mistaken about the thief's identity or just his creditworthiness.

That issue will involve as much an inquiry about the transaction between owner and thief, and is only marginally less unpredictable than examination of the thief's conduct vis-à-vis both the owner and the buyer of the stolen goods.

## Borne equally

The real reason for the rejection of apportionment lies deeper. In the case ten years ago Lord Devlin suggested that where the loss was "pure misfortune," it should be borne equally by the two victims. An innocent, blameless owner, facing an equally innocent and blameless purchaser, both duped by the cunning of the thief, the judgment of Solomon is to split the difference, but the Committee obviously recalls from such a simplistic solution: "We see no reason why the owner of a chattel, if he retains the title to it, should be penalised when he has been no way at fault."

This is irrefutable if owner of property is always one starting point. May it not be the prime virtue of attaining certainty that an owner's willingness to make a substantial difference in the case title to goods is no longer the fulcrum of a property laws.

## Suspicion of MiGs in air buzzings

CIVIL airline pilots who have provided evidence of buzzing by military aircraft believe that some of these incidents over Europe might have been caused by Soviet pilots flying MiG fighters.

The British Air Line Pilots' Association said yesterday: "Pilots who file 'near-miss' reports involving military aircraft are told in almost every case that the ground radar has no trace of the aircraft and no knowledge of it."

This has grave implications. If the aircraft were from France, Germany, Spain, Switzerland, Italy, the Netherlands and U.K., the doing it renders the total European defence system ineffective."

A BALPA spokesman, Mr. Gordon Hurley, added: "Some pilots feel that the aircraft could easily be MiG fighters. If the Controller does not know what is going on and fails to come up with answers when air-miss reports are filed this is tantamount to dishonesty. The consistent failure to identify military aircraft can only lead to one conclusion—that the European defence system is pathetically inadequate."

Pilots have come forward with details of air-miss encounters over France, Germany, Spain, Switzerland, Italy, the Netherlands and U.K. The do go on but that there is a danger because the pilots know that in 1969, 280 air-miss

were recorded over these areas and there were 288 in the first nine months of 1970.

BALPA says a large proportion of these involved military aircraft. The 1969 figures broke down as follows: 38.5 per cent over Germany, 21 per cent over France and 11.7 per cent over the U.K. Last year's first nine months showed 31.4 per cent over Germany, 15 per cent over France and 11.4 per cent over the U.K.

The Association says it has asked military sources about manoeuvres near civil aircraft only to receive the reply that the only way to reduce the danger is to go on but that there is a danger because the pilots know that in 1969, 280 air-miss

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- ★ You now have a large capital gain on your shares. The Bovril Board believes the best way to safeguard this gain is to accept the improved Rowntree Mackintosh Offer.
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- ★ A sale for cash in the market of your Bovril shares will for most shareholders result in substantial capital gains tax liability. (On the basis of the price at 6th April, 1965 the liability could be up to 86p on each Bovril Ordinary share)
- ★ Acceptance of any cash offer will also result in a capital gains tax liability.
- ★ Acceptance of the Rowntree Mackintosh offer involves no immediate capital gains tax liability.
- ★ The Bovril Board supported by their advisers J. Henry Schroder Wagg & Co. Limited therefore strongly recommend you to accept the Rowntree Mackintosh Offer without delay, by completing the white form of acceptance.

THE CLOSING DATE IS TOMORROW  
TUESDAY, 17TH AUGUST 1971

This advertisement is addressed to the Ordinary shareholders of Bovril Limited and is issued by J. Henry Schroder Wagg & Co. Limited on behalf of Bovril Limited. The Board of Bovril Limited have considered all statements of fact and opinion contained herein and accept individually and collectively full responsibility therefor.

## Cawoods Holdings Limited



## Preliminary Announcement

## RECORD PROFITS FOR 1971

| Group Results for the year ended 31st March, 1971   |           |           |   |
|---|-----------|-----------|---|
|   | 1971      | 1970      |   |
| Trading profit  | 2,963,024 | 2,415,674 | £ |
| Depreciation  | 271,486   | 255,106   | £ |
| Profit before tax   | 2,691,538 | 2,160,568 |   |
| Tax   | 821,178   | 843,338   |   |
| Profit after tax  | 1,870,360 | 1,317,230 |   |
| Dividends:  |           |           |   |
| Ordinary  | 687,300   | 618,750   |   |
| Preference  | 9,000     | 9,000     |   |
| Dividends A Final dividend of 17½% is proposed, making a total of 25½% for the year ended 31st March, 1971, compared with 23½% for the previous year. |           |           |   |
| Divisional Contributions to Group Profit  |           |           |   |
| Fuel distribution   | 5000      | 5000      | £ |
| Asphalt, stone quarries, and concrete products  | 1,088     | 1,207     | £ |
| Sand and gravel, ready mixed concrete and builders' supplies  | 360       | 254       | £ |
| Refractories  | 608       | 390       | £ |
| Containerisation  | 76        | 11        | £ |
| Building Contracting  | 102       | 48        | £ |
|   | 2,324     | 1,846     | £ |
| Less Interest payable   | 142       | 195       | £ |
|   | 2,082     | 1,651     | £ |

Record profits were earned by all divisions except Sewell Distribution where profits from oil were lower than last year due to effect of new oil companies' supply contracts and increased road transport costs.

Current year

Group is planning for growth in all divisions and profits so far are ahead of last year.

The Report and Accounts will be circulated to shareholders on 30th August and the Annual General Meeting will be held on 24th September.



tection

# INSURANCE AND THE EEC

FINANCIAL TIMES SURVEY

## Need for Britain's voice to be heard

By DRYDEN GILLING-SMITH

fraud

How will membership of the EEC affect the British insurance industry? Will it provide new market opportunities or will the main effects be to bring more competition into the U.K. from European insurers and to cripple British insurance companies by imposing on them the burden of French or German style State regimentation? Faced with these new problems, would British insurance companies still have the strength to go on contributing to the European external balance of payments as much as they have contributed to the British balance of payments in recent years? Some 60 per cent. of U.K. insurance premium income is exported, most of it to non-EEC areas.

Assessments of the effects on Britain of joining the EEC have so far tended to be conducted at macro level rather than on an industry-by-industry basis. And yet for most of us the practical consequences of being in the EEC will largely turn on whether we happen to work in an industry that is going to gain from the removal of internal tariffs in the Community or whether we work in an industry that is heading for a rough ride. This is the area where the hard work has now got to be done and some overall balance-sheet drawn up. The purpose of this survey is to lay the foundations for such an assessment for the British insurance industry by pulling together the various strands that have been receiving close attention by specialist representatives from British insurance for some years now: plans for standardised regulations of both life and non-life insurance throughout the Community; the contrast between

the preponderance on the Continent of insurance agents tied to one company only and the greater use in the U.K. of specialist insurance brokers who shop around for their clients and therefore wield a much stronger influence with the companies; the special position of Lloyd's as one of the most truly multinational enterprises ever to have existed; and the way in which our competitors across the Channel regard us.

**Two aspects**

Two aspects interest us: if we own insurance shares will they move ahead of the market, or fall behind; will the EEC mean a rise to Parisian prices for our motor insurance and the ending of tax relief on our life assurance premiums, leaving us instead to fork out for a value added tax or something equivalent? Also, we are all of us going to foot the bill in the form of higher prices if the price of commercial insurance increases and manufacturing industry consequently has to carry heavier insurance overheads.

And for the vast numbers of people whose sole means of investing on the stock exchange or in property is their endowment or unit-linked policy it would be catastrophic if the French-style control of insurance company investment were to be introduced over here—with say 50 per cent. of the assets invested on our behalf being forcibly diverted into the equivalent of War Loan.

In assessing the implications of membership of the EEC the first factor to get in perspective is that, unlike manufacturing insurance for some years now, insurance is not affected by tariffs or equivalent discriminatory taxation. The removal of tariffs generally will not,

therefore, affect the competitive position of British insurance in EEC countries.

Effectively the barrier to an insurance company's ability to export is the insurance legislation of the country in which it wishes to sell its products. In the past it has been relatively easy for British insurers to operate in most Commonwealth and ex-Commonwealth countries and in the U.S. because these countries had inherited British legal traditions and generally speaking their approach to the supervision of insurance was similar to that in the U.K. Above all, the U.K. insurance industry had built up a reputation for financial soundness, fair dealing and underwriting skill that gave it an obvious advantage in these markets. In any case, overseas buyers had the security of knowing that British insurance companies had to comply in their own country with clearly defined solvency requirements.

In contrast, exports to Europe have usually meant setting up a special organisation to cope with the highly complex State regulations that operate in most of the EEC countries. Exporting to the Commonwealth can be equated with a manufacturing company getting longer runs by sending its home products overseas. Exporting to EEC countries is usually the equivalent of setting up a new factory overseas to make a product that you do not make at home. This is the reason why only a few British companies have found it worthwhile to export to Europe and why British insurance is only estimated to have about 5 per cent. of the EEC insurance market. It has only been worth incurring the high set-up costs of entry into a given EEC

territory if a company intends to operate there in a big way.

Is there the market potential to justify operating in the EEC countries in a big way by British standards? The present EEC population is of the order of 186m. If Britain joins we should therefore account for 23 per cent. of the population of the enlarged Community. But if British and EEC life assurance premiums are aggregated we would account for nearly 75 per cent. of the total. The average rate at which EEC premium income has grown during the 1960s has been nearly twice that of the U.K. but even at this rate of growth we shall have to

wait until well into the '90s before we can expect anything like U.K. levels of market penetration. And the U.K. itself falls well behind the U.S., Canada and Australia in its per capita expenditure on insurance.

How far is this gap between U.K. and EEC expenditure on life insurance based on different life styles and how far does it result from the stifling effect of EEC-type legislative controls? The French are more prone perhaps to adopt a fatalistic rather than a preventive attitude to risk and a substantial proportion of Italians still rely for much of their protection against the hazards of life on their large conglomerate families. Increasing industrialisation will no doubt help to modify traditional attitudes, but this will take time.

Immediately more important is the question of control legislation. This also reflects cultural differences. The French, Germans and Italians all went through critical phases in their modern industrial history under dictators—Napoleon, Bismarck and Mussolini—and this seems to have left an indelible mark

not only on their commercial legislation but also on the attitudes of businessmen towards government intervention.

The current intention of the EEC countries is to harmonise their control legislation so that there will be one set of rules throughout the Community. This would be to our advantage even if we were not to join because British insurers exporting to Europe would only have to grapple with one set of controls and not six. If we do join, however, we should have to accept this common control system in the U.K. too and the fear is that if the German, French and Italian influences operate to push the central system into the mould with which they are familiar the result could be disastrous for the domestic U.K. insurance market. We are not here simply concerned with commonsense solvency controls but with attempts by the State to become involved in the minutiae of insurance policy term and conditions, and to control insurance company investment. Although the theoretical justification for these controls is the protection

of the public, the type of "protection" actually provided is more on the line of that offered by Al Capone. The State takes its cut at the expense of the customer. There are even Luddite restrictions in France and Germany on insurance companies transacting both life and non-life business and against any attempt to diversify into the broader financial services market.

It is vital therefore for the future of British insurance that we should have liberal community insurance rules. Once we have joined we shall have a voice in determining these rules but it will be only a voice and we may have to exert considerable political pressure if we are to get our way. If the French can successfully apply such pressures in order to prop up an antiquated agricultural industry that is no use to anyone outside France we are surely justified in making a much bigger issue in the cause of an industry which is capable of making a substantial contribution to the overall EEC balance of payments with the dollar area and where British companies and the French or German type control system, the consequences do not bear thinking about.

large proportion of the total insurance business of the enlarged community. Not only this but a liberalisation of rules in France, Germany and Italy should have the effect of providing improved market opportunities for home companies in these countries.

**Net gain**

If we can achieve this result the British insurance industry can look forward to a net gain as a result of going into EEC. With our traditional skills in investment and underwriting know-how, a reputation for honesty and fair dealing which makes it possible to conduct transactions much more speedily than would otherwise be possible, and the professional approach to marketing that we are now beginning to learn, British insurance can look forward to improved profit and growth rates in the seventies as a result of being able to operate more easily in a new and wider market. If not, and we have to live on in the shadow of a French or German type control system, the consequences do not bear thinking about.

Continued on next page

## Regulations in state of flux

By T. H. M. OPPE\*

No Community rules have yet been promulgated within the EEC apart from a directive governing reinsurance business, which was passed in 1964. It is therefore premature to say what effect joining the Common Market will have on British insurance, because this will depend on the extent to which British legislation and practice have to be altered to fit the rules which are eventually decided upon.

Generally, in order to facilitate freedom for insurers to transact business from one member state to another in accordance with the objects of the Treaty of Rome, it will be necessary to evolve common rules regarding, first, the establishment of branches in each country and, second, the freedom to offer insurance services

either directly or through intermediaries without the necessity to establish a branch in the country of operation.

Clearly it could be claimed that there would be distortion of competition and hence a contravention of one of the basic principles of the Treaty of Rome if an insurer of a member state subject to a less rigorous degree of insurance control is allowed to operate freely in other member states whose national insurers are subjected to stricter rules. The

implication is that uniform rules might be introduced based on the most rigorous system, and indeed this could be the result if the EEC felt it necessary to complete quickly the programme envisaged under the Treaty of Rome, which as far as insurance is concerned has fallen seriously behind schedule. However, for a variety of reasons, both political and technical, there is likely to be a considerable delay, particularly in the implementation of freedom of services which will involve, inter alia, prior harmonisation of legal provisions affecting insurance contracts and the rights of policyholders on the winding up of an insurance fund.

In the short-term, then, the system is likely to be one of overall supervision by the

appropriate authority of the member state in which the insurer has its chief office and supplementary supervision by the authorities in each country of operation over the business done in that particular country, thus implying the establishment of a branch office in each country of operation. Even this would represent a step forward for British companies, since they could no longer be refused a licence to do business in another member state, as is the case, for example, in France. It should be noted, in contrast, that foreign insurers have always been free to enter the U.K. subject to complying with the same requirements under the British insurance legislation as national insurers.

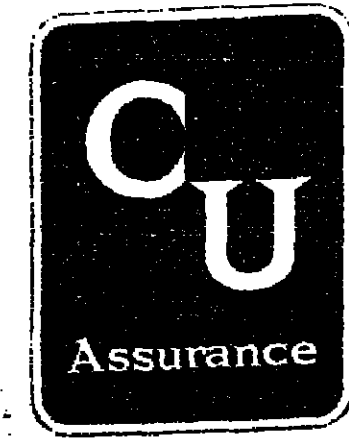
Legislation concerning insurance is considerably more

restrictive in the present member states of the Common Market, apart from the Netherlands, than in the U.K., particularly for long-term business. It is common for rates of premium and for the bases of calculating the technical reserves covering the insurance liabilities to be fixed by the control authorities. The choice of investments, the maximum or minimum percentages permitted for different types of investment and the basis of valuing the assets shown in the balance sheet are also the subject of regulations. There is often a legal obligation to hold mathematical reserves for each life assurance policy, under which a policyholder is entitled to withdraw a surrender value at any time.

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Six Offices in the Common Market

## INSURANCE AND THE EEC II A stronger link with Europe

By a Correspondent

The London insurance market and the Continental markets have been linked closely for more than a century. The invisible bridges connecting the London market—being the most important centre of direct insurance and reinsurance in Europe—with the EEC countries have not been affected by the foundation of the EEC or of EFTA.

Nevertheless, the mode and extent of co-operation and competition between the present EEC countries and the London market will be increased and changed when Britain enters the Common Market.

This can be illustrated initially by quoting a few figures. In 1969, insurers in the six Common Market countries had a total premium income of approximately £6,000m. from life and non-life business. By comparison, the premium income of British insurers resulting from home and overseas business amounted to some £4,000m. in the same year. There is hardly any other branch of industry in the entire Community which will expand as much as the insurance market once the U.K. has become a member.

### Invisible capital

Naturally, one must also consider the invisible capital of the British insurance industry, represented by centuries of know-how and a stable economic basis provided by world-wide insurance interests.

In this age of rapid technological advancement entailing a continuous increase in the magnitude of individual risks—such as industrial plants, aeroplanes or new and larger ships—the creation of this huge European market, enjoying premium income of more than £10,000m. a year, provides the very large underwriting capacity needed most urgently by a number of our customers.

Moreover, insurers on both sides of the Channel have many important problems in common. Unstable economic developments and inflationary trends compel insurers to apply new technical methods for fixing appropriate tariffs corresponding to the increase in claims costs. Similarly, technological developments force insurers to refine their methods of calculation and their reserves policy. But above all, insurers are obliged to spread really large risks on an international basis, offering interests to as many direct insurers and reinsurers as practicable. It is in these respects that more direct and intensive co-operation of the London market with the Continent will be most advantageous for both sides.

The basic requirements of the EEC Treaty for establishing, step by step, an integration of the markets are:

To ensure equal treatment of domestic and foreign insurers in each member country, and to establish a common denominator for the legal and administrative regulations imposed in the various member countries, so that access to foreign markets is simplified by a more uniform legislation.

The first step was taken when a liberalisation directive was passed, stating that reinsurers in all the member countries were to be treated equally and with the unrestricted rights of a domestic reinsurer throughout the entire Common Market.

In 1960 work was started on the far more difficult task of providing freedom of establishment for direct insurers. An initial draft directive has been passed by the expert groups of the EEC committee, the European Parliament, the Economic and Social Board, and the working group of the Council of Ministers, and will presumably come into force before the end of this year to provide a uniform basis for the establishment of branch offices or agencies.

But what will this common freedom of establishment be like? First, the principles of insurance control applied in the six member countries will be adapted to form equal standards and requirements for all. Registration will be compulsory for

domestic and foreign insurers alike in all member countries. When registering, all insurers will be called upon to submit satisfactory evidence of their personal, technical and financial qualification.

Before it was possible to grant this legal entitlement to foreign insurers as well as to domestic companies without imposing special requirements such as securities or monetary deposits, the foremost prerequisite was to assimilate the legal conditions applying to insurers' capital in the member countries to a uniform denominator. Accordingly, the establishment directive applying to all insurance companies in the Common Market countries requires these companies to have the same minimum capital.

The directive—the individual details of which are somewhat complicated—rules that insurers must have solvency capital amounting to 17 per cent. of their total premium income or 24 per cent. of their average claims volume.

In future, it will be sufficient for insurance companies to provide evidence of adequate capital in their country of origin, thus enabling them to operate in each member country without providing securities or monetary deposits. All they will need is a general deputy, who may also be an agent.

Basically the same solution is also being prepared for the technical reserves. It will be attempted to find certain rules

ensuring that in all member countries the formation of technical reserves and the investment of the corresponding funds are equal and are effected on a common basis, so that it will not be necessary to require localisation in the individual nations in this respect, either.

Up to now work achieved towards freedom of service has not passed the preparatory stage. Even the basic decision

of whether freedom of services should be provided by co-existing markets open to domestic and foreign companies on the same conditions, or whether a uniform European market should be created by rigorous and comprehensive alignment of legal requirements aimed at establishing an all-European control system—has not been made yet. As German insurers see it, it would already be possible to-day to open up the markets of all member countries so that insurance companies could operate directly without having an establishment abroad. Coexistence of the control systems and equal treatment of residents and foreigners could be provided immediately.

A solution based on the principle of equal treatment of domestic and foreign insurers and of mutual integration non-possible to integrate non-members, provided these countries adapt their markets accordingly. The concept of co-existence does by no means make the Community impenetrable from the outside, as this concept is flexible and applicable to even the most different legal and political systems.

German insurers will be very glad to welcome their old partners and friends from the City as new members of the Common Market. As this European family grows larger, the number of things we all have in common—and obviously also those we do not have in common—will naturally increase. But the first and foremost factor is that our family will become larger and more powerful. British assistance and the British sense of reality will most certainly support and promote the difficult political and legal work still to be done in developing the European insurance market. We are sure that this contribution from the United Kingdom will soon lead to a pragmatic and satisfactory solution of freedom, security and equal possibilities for all.

## Regulations — (Cont'd.)

Continued from previous page

These basic differences lead naturally to a difference in philosophy as regards the valuation of insurance assets and liabilities in the Common Market and consequently on the pattern of the business transacted. Therefore differences of opinion must arise as to what extent common regulations can be reached, at least in the near future, bearing in mind the varying market conditions in each country. Ultimately, the reaching of mutually acceptable solutions will involve compromise.

British insurers, however, hope that the Common Market would accept a good deal of their philosophy of freedom with publicity which they have already done much to put over in discussions within the OECD and the Committee of European Insurers.

One encouraging feature is the emphasis placed in European circles on the necessity to develop capital markets and the recognition that life insurance as a means of long-term regular saving is an important source of new capital. This may well lead to a strong body of opinion in favour of progressive liberalisation of the existing national restrictions in order to encourage the development of capital markets and ultimately the liberalisation of insurance services in the interests of the Community as a whole. In this connection, it is perhaps fortunate that there has been so little progress with the drafting of directives relating to long-term business, because the British market will have a greater chance of influencing EEC thinking when the U.K. is allowed to take part directly in EEC discussions,

which is likely to happen as soon as Parliament has approved in principle the British application to join.

Certainly there is every reason to believe that British insurance, by virtue of its long establishment and reputation throughout the world, holds the respect of the Common Market countries, although, perhaps, the thought of competing in the future on equal terms with a market which is very nearly as big as the markets in all the other member States combined will produce some understandable fears of competition.

The proportion of business at present transacted within the EEC countries by U.K. insurers is relatively very small. About 50 British companies and Lloyd's account for roughly 5 per cent. of the non-life premium income within the EEC. Only three U.K. companies transact life insurance business in EEC countries, accounting for an insignificant proportion of business. Thus, although there is scope for future expansion in Europe, this will depend first on how much liberalisation of the present restrictions which discourage or even prevent British insurers from doing business on the Continent is achieved and, second, on the encouragement given to long-term savings by monetary and fiscal policies.

Given a reasonable amount of freedom, non-life insurers should benefit from U.K. entry to the Community so long as their other overseas business is not adversely affected. By entering Europe, they could certainly contribute to the development of a flexible, competitive insurance market in Europe, which would confer undoubted benefits on its inhabitants and on the insurers of member countries by increasing the capacity of the market in these days of large industrial risks. Life insurance companies, in particular, could, by encouraging the expansion of savings, contribute to the development of a stable capital market in Europe and thus to the economic strength and stability of the Community. However, liberalisation of insurance has proved to present one of the more difficult problems in the Common Market, and one cannot be too optimistic that any significant progress will be made for very many years.

## Profitable life market ready to be tapped

By a Correspondent

### STRUCTURE OF ASSURANCE BENEFITS IN 1960 AND IN 1968

| Country       | Death benefits |      | Endowment benefits |      | Surrenders |      | Profits participation |      |
|---------------|----------------|------|--------------------|------|------------|------|-----------------------|------|
|               | 1960           | 1968 | 1960               | 1968 | 1960       | 1968 | 1960                  | 1968 |
| Germany       | 34.7           | 24.9 | 35.3               | 39.8 | 11.3       | 11.3 | 18.7                  | 24.0 |
| Great Britain | 24.6           | 21.6 | 57.7               | 58.4 | 14.7       | 17.2 | 3.0                   | 2.3  |
| France        | 32.3           | 42.5 | 40.1               | 22.0 | 9.3        | 9.0  | 18.3                  | 26.5 |
| Netherlands   | 16.2           | 12.2 | 66.6               | 57.6 | 17.2       | 30.2 | —                     | —    |

Source: Sigma No. 11

earlier this year. He estimated that life assurance and annuity premium income in the five main EEC countries totalled some £1,809m. in 1968 compared with some £1,290m. for business in the U.K. in the same year. The considerable difference in population—that is, some 187m. compared with 56m., seems to indicate that there are ample opportunities for U.K. life insurance companies on the Continent. British insurers, however, being the cautious people they are, will obviously wish to ensure that they are not just set on a course leading to growth for the sake of growth. It must be profitable growth and in the interests of all their policyholders whether those already insured with them or those to be brought within the fold in the future.

### Vital question

Even this, however, is not sufficient on its own in evaluating the opportunities for expansion. There is also the vital question of whether saturation point has been reached. In this connection a recent issue of SIGMA, published by the Swiss Reinsurance Company (U.K.) Limited contains some most interesting statistics which show among other things that in the five largest members of the present EEC insurance premiums of all types are lower when expressed as a percentage of national income than in the United Kingdom. Furthermore the same study shows that over the years 1959 to 1969 the growth rate of insurance premiums as a whole has been higher in each of these countries than in the U.K.

A later issue of the same publication demonstrates that increasing prosperity results in a proportionately greater rate of growth of premium income. There is some indication that in the U.S. at least saturation point is reached at about 10 per cent. of private consumption. The same percentage may not apply elsewhere, but the present members of the EEC have levels of premium income well below this figure.

Certainly it would seem that there is plenty of scope for selling life insurance in the Common Market despite the different attitudes which exist to life insurance in the different countries and the differing impact of personal taxation systems and social security benefits which can be of considerable import for any but the wealthier section of the population.

These broad indications are further confirmed in a paper presented by Mr. T. H. M. Oppé to the Institute of Actuaries

### Extreme example

This contrasts markedly with the position in many Continental countries of which France is the most extreme example where life insurance companies are subject to very detailed Government control. This is particularly unwelcome in respect of investment. Life insurance companies cannot do their best for their policyholders which after all should be their first priority, if they are subjected to artificial constraints imposed for a variety of motives of which the interests of the policyholders themselves will not be the only one.

British insurers should, however, take heart. If only they continue to put their case vigorously, as they have done through the British Insurers' European Committee, they will find that their attitude excites the sympathetic support of many of their colleagues on the Continent who for too long have been held back in the development of their business by controls which are either out-dated or over-elaborate, or both. They should certainly not enter the Community with the attitude that they must simply do what they are told. On the contrary, they have the responsibility of making their voices heard in no uncertain manner and backing this up with sound technical arguments.

### More difficult

Their task will perhaps be made that much more difficult following the highly publicised failure of a number of motor insurance companies in the U.K. and the calls for a higher degree of control of the life insurance business itself which have been heard with increasing frequency in the U.K. in recent months. Nevertheless, it should be possible for the life insurance industry in the enlarged European Community to obtain, and rightly so, a degree of freedom which corresponds more nearly with that at present obtaining in the U.K. than the situation which is found in some countries on the Continent where companies are denied full commercial freedom to an unnecessary degree which can only be to the detriment of the policyholders.

Assuming that these matters can be resolved satisfactorily—and there is every chance that they will be—British life insurance companies will have the opportunity to secure profitable growth in a relatively stable economic and political environment which can only be for the good of themselves and their policyholders. In seeking to exploit these wider opportunities they will face formidable opposition from companies at present established within the EEC. However, the relative freedom to which they have been accustomed, their experience in developing new types of contracts, such as equity-linked contracts, and their considerable experience of overseas operations will stand them in good stead and enable them to apply the lessons learned to a completely new set of circumstances. Of particular help to them will be their flexibility, their speed of reaction, which is now so much faster than in the

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## INSURANCE AND THE EEC III

## Benefits of entry for the British broker

By JOHN DEWEY

British brokers have been concerned for at least ten years with the effect on British brokerage of our possible entry into the EEC.

As the representative of the Corporation of Insurance Brokers at all international conferences on the subject during the whole of that period it may be thought that I could provide a reasonable answer to the question as to whether we should go into the Common Market. We all appear to be looking into this subject from a very personal point of view. Only those who have taken a wide perspective over the whole of our economy, as has been done in the recent White Paper, can express a balanced opinion, and so far as insurance in general is concerned, and brokerage in particular, there seems no doubt that it would be Britain's interest to enter the Common Market.

The situation so far as intermediaries are concerned differs widely in Continental countries from that applicable in Britain. During the nineteenth century insurance companies gradually moved over from the policy of appointing general agents throughout the large towns from a network of commercial or industrial firms without special knowledge of insurance, the present basis of branches, either direct through agents. In this century the position of brokers has become increasingly important and they now control a high

proportion of commercial and industrial accounts, not only in the non-life field, but also in life and pensions business.

On the other hand, on the Continent the main field is still held by general agents holding mandates from the companies whom they represent. They are not employees of those companies as are British branch managers and their staffs, and it is difficult therefore to assimilate British practice with Continental usage.

There has been a strong indication of recent years that the general agents on the Continent are becoming increasingly dissatisfied with the treatment they are receiving from their mandating insurance companies, and there is a strong trend towards their replacement in some countries by branches, the old general agents often becoming brokers. In the future, therefore, it may well be that Continental practice may approach that obtaining in this country.

## Power of veto

The Treaty of Rome which set up the Common Market provided for the Control Commission in Brussels to issue directives dealing with various essential matters affecting freedom of establishment and services throughout the Six. These directives are then passed to the Economic and Social Committee of the EEC for further discussion and thence to the European Parliament and Council of Ministers where each member country has in effect a power of veto.

So far as affecting insurance intermediaries, only one such directive has been issued: that affecting freedom of establishment—that is, the suggested rules governing insurance intermediaries in one country who wish to establish an office in another member country. Many points are involved, particularly harmonisation of minimum technical qualifications and financial standing, and brokers in this country can be assured that these requirements will not be more rigorous than the insurance diplomas issued by our Chartered Insurance Institute (the body holding the Royal Charter for instruction and examination for the whole of our insurance industry) or the requirements, for example, of the Corporation of Insurance Brokers, with regard to proof of financial standing. On the Continent, however, education and control of insurance intermediaries in this way have not advanced so far, and much work remains to be done in this harmonisation if one is to avoid unfair competition between one country and another.

Quite a separate matter is freedom of services—that is, what is known as "insurance by correspondence" and even more work has to be done in this field before any draft directive can be issued from Brussels with a hope of general acceptance. In some countries, for example, policy wordings are laid down by the Insurance Commissioner (a highly placed Civil Servant or Minister) and contract law must also be harmonised if unfair competition is to be avoided.

In the past British brokers may well have considered problems relating to overseas insurance as being of interest only to large brokers already engaged on the Continent either by setting up branches or by endeavouring to effect insurance by post or telephone, but if we go into the Common Market the problem will affect all British intermediaries.

Two points in particular should be borne in mind. At the present time British brokers are subject to the normal taxation of the country on their general income whether from brokerage or otherwise. In Continental countries, however, there are generally specific taxes imposed on premiums and on commissions. The Value Added Tax does not apply generally at the present time to insurance in the Six, although in France commissions suffer a tax which they call "Value Added Tax." If we go into the Common Market there will have to be harmonisation of taxation, and the insurance industry, both companies and brokers, may find specific taxation levied at the harmonised level agreed within the countries of the Common Market.

We in this country think we are harried by Government departments and have to accept too many regulations, but on the Continent generally we are regarded as being a free country. For example, anyone in this country can put a plate outside his door and call himself an "Insurance Broker" (though not of course an Incorporated Insurance Broker or Lloyd's Broker) but in other countries one has to satisfy strict rules, both as to technical qualification and financial position, and be entered on the appropriate register.

The important thing to bear in mind is that if we are going into the Common Market we must go in soon in order that we may be fully consulted before any future directives are issued in order to ensure that they are reasonable and suitable to our method of working. So far, as the delegate from the Corporation of Insurance Brokers, I have been co-opted to the Common Market Working Party of the Six negotiating with the Control Commission in Brussels even though we are not yet in the Common Market and the said Working Party has taken the representations I have thought it necessary to put forward seriously into account.

Privileged terms If on the other hand we do not go into the Common Market, those brokers who wish to enter Europe will be prejudiced by the licence given to the Common Market countries in permitting their insurance intermediaries to do business in other Common Market countries on privileged terms.

Having regard to the importance to this country of invisible exports, of which insurance has very materially affected our balance of payments of recent years, it seems essential that our Brokers, whose work contributes considerably to that balance of payments, should not be prevented from continuing that work because we continue as a "Third country" and be prejudiced accordingly.

Under the Treaty of Rome there is, of course, provision for reciprocal arrangements with third countries, but it is doubtful if that provision could outweigh the prejudice we should suffer if we did not enter the EEC.

## Looking forward to Continental Expansion?

Whatever your business, there are some risks that can't be avoided. Especially when you are operating beyond the United Kingdom.

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In Continental matters the Norwich Union possesses the vital expertise that comes from day-to-day experience.

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## Lloyd's looks to new opportunities

by SIR HENRY MANCE, Chairman, Lloyd's

The contribution that the Lloyd's market has made towards establishing London as a leading world insurance centre is unquestionable. With over 75 per cent. of its business derived from overseas, Lloyd's will certainly bring a great dividend asset into the EEC overbalance of payments situation.

On the other hand the opportunities for attracting a greater volume of business, both direct reinsurance, from within the Community itself will depend on how quickly the freedom to trade in such services insurance—clearly envisaged in the Treaty of Rome—are implemented. The freedom to conduct reinsurance business across frontiers has already been confirmed in the first Insurance Directive. However, it is of unfair practices, or as a new terminology has it, "distortions" in competition, led to some suggestions of one transitional period before direct business can flow freely across frontiers within the Community.

This poses a particularly important problem for Lloyd's, since the unique system under which we operate—and from which stems our expertise and flexibility, coupled with our safety security—depends fundamentally on maintaining a flow of business to the Lloyd's market in London through the medium of brokers and not through branches and agencies set up overseas.

## Direct business

Community member States if have their own insurance regulations, protecting the domestic market against the overseas insurer who wishes to free to offer his services direct business. This is as in the case of marine cargo transport business, where the competitive international trading element has doubtfully played a part in opening the market freer; but the whole of the insurers of the Six, with some exceptions, have hitherto been concerned with their own markets, and their contribution to world insurance outside the Community, apart from reinsurance, has been very small. With British entry into the Community, this is bound to change: much and how rapidly will depend greatly on the influence which the British insurance market can bring to bear on a situation both directly and through the prospective British presence in Brussels.

It is worth noting that without such an influence there might be a real danger of the Community setting up insurance control systems designed over all to protect the home market rather than to expand externally. Such systems might well become prototypes in other areas in the world and lead to a general reduction

in international insurance business. If this were so the effect on the British market and Lloyd's in particular could be extremely serious.

In any consideration of new markets the fact of competition has to be faced, and undoubtedly an outward-looking European insurance industry will mean additional competition for some business at present regarded as a Lloyd's preserve. However, competition has always been a part of life at Lloyd's and the market has always operated on a delicate balance of co-operation and competition. To compensate for any business we might lose, however, the opportunities in Europe would seem to be considerable.

## Overseas markets

The ability to reach workable arrangements in overseas markets without losing the right to quote competitively, particularly on "tailor-made" terms to suit special cases, has always been one of the attributes of the Lloyd's underwriter, ably assisted by the Lloyd's broker. To take one example, the fact that international trade between the Community members has expanded during the last decade more than three times the rate of world trade growth could indicate opportunities for British insurers to expand their portfolios.

At present the amount of direct insurance business derived from the Common Market is relatively small. The very fact that the enlarged Community will represent the biggest unified trading block in the world suggests that this amount will grow, given any situation of reasonable freedom to provide insurance among Community members.

This is not to say that the Lloyd's share of insurance in the Community will grow instantaneously. In recent years much insurance business in Europe has been unprofitable and, whatever the freedom granted, the volume of the flow of business will finally be governed by its profitability. The very fact that insurers throughout the Community are now working closely together in order to achieve a practical set of Directives in Brussels (and already British insurers, including Lloyd's are involved in these discussions) suggests that in future co-operation as well as competition will play its part in an enlarged Community.

Whatever the new insurance opportunities in Europe may be, and they are certainly considerable, there is one matter of substantial concern for Lloyd's and indeed for all British insurers. This concern relates to the freedom at present granted to insurers from outside the Community, to operate

in this country, a freedom which we have always allowed and which has undoubtedly been reciprocated in many parts of the world, thus playing a big part in the development of our international account. Although provision for the licensing of such third country insurers is made in the draft Establishment Directive for Insurance, it will be important to see that the whole system of international insurance and reinsurance is not put in peril by unnecessary restriction, particularly in the matter of the location of reserves and assets.

In saying this I do not advocate any lowering of the standards of solvency which are essential to maintain security on an agreed basis. The protection of the assured by adequate solvency margins and technical reserve regulations has long been an agreed basis for all the discussions in Brussels, although it is not so easy to agree what the margins or regulations should be. The Lloyd's method of accounting, with its chain of security, including unlimited liability of its members, has yet to be fitted into the still embryonic Community system.

One of the problems in any changing situation is that of the transitional arrangements, and here matters are as yet far from clear. Certainly inequalities in such subjects as taxation of insurance and insurance contract law can, pending harmonisation, introduce distortions into competition between member country insurers, but solutions to such problems have been found in the past and our experience in other parts of the world will be helpful on this.

## Transition period

The main difficulty seems to derive from the fact that, apart from the Reinsurance Directive, neither the Directive regulating the establishment of insurance branches or agencies nor the Directive regulating the offering of insurance services across frontiers has yet been finalised, nor is it likely that they will be until 1973, although the Establishment Directive is in almost completed form. These Directives themselves will then contain provisions for a period of transition before full implementation.

It is essential that satisfactory (temporary transitional arrangements) are developed in order to enable existing business to continue unchecked in an enlarged Community, and that opportunity is given for British influence to make itself felt in the drafting of such arrangements.

I remain confident that Lloyd's has an important part to play in an enlarged European Community of expanding trade and prosperity. We have never before had the opportunity of sharing in such a large market, governed by insurance regula-

tions formulated by a Commission and Council in which we as a nation will have a substantial administrative and political say. In these circumstances we shall have every opportunity to bring to bear all the traditions of freedom to trade on which Lloyd's has thrived for so many years.

## Can you see your way into Europe?

Britain's way into the Common Market may be reasonably clear. Less clear are the detailed procedures which her producers will follow in marketing their wares to the Six.

And one of the darkest areas of all concerns

insurance. Suppose you were on the point of opening up for business throughout the Common Market.

How would you set about insuring your cars, your lorries, your local offices, your depots, your stock and all your other necessary accessories?

How would you be sure of getting the best possible insurance cover and terms from insurance companies abroad?

How would you pick your way through all the varying rules and regulations,



which differ substantially from country to country?

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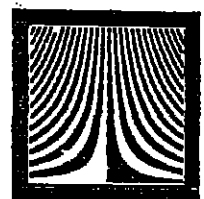
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## INSTRUMENTS

### Thickness measured

AN IMPROVED system of measuring the thickness of a plastic film has been devised by a team at Cambridge Consultants. The company considers the resulting instrument to be one of its more significant products, since about 4m. tons of film are made in Britain annually at the moment and the material is used in practically every industry in the country.

It is important for a manufacturer to be able to monitor the thickness of his film product as it is being made—the thinner the film, the more difficult the task of measurement and the more important that it should be carried out correctly.

The method devised by Cambridge Consultants is to project infrared radiation of two wavelengths through the material. These are chosen to suit the film in production, one for maximum absorption and one for maximum transmission. Filters are used to select the wavelengths required from a parallel infrared beam; after passing through the material, the two wavelengths are picked up by a solid-state detector and electronically processed to give a measure of film thickness.

Up to six infra-red filters can be held by the source so that the thickness of the laminates in a composite film can be determined simultaneously. The gauge can have a response time as short as 10 milliseconds if accuracy is not the prime consideration. Most of the companies who have seen and discussed the prototype are, however, interested in equipment with a slower response but accuracies of the order of one or two per cent. Typical times would be under a second.

Films from 2 microns to 3 mm in thickness can be handled by the instrument which is a small, robust, non-contacting design. It is particularly suitable for installation as part of an on-line control system.

For the time being Cambridge Consultants is making the equipment itself and may contract out the manufacture of the sub-assemblies, reserving final accurate construction for itself. This is a new departure for the company which is primarily a contract research and development organisation.

for quarter, half and full bridge energisation. It also incorporates a fully temperature-compensated integrated circuit d.c. amplifier with switched gains up to 33,000, which provides 100 microstrain F.S.D. on the most-sensitive range with five microstrain, or 2 per cent, of F.S.D. accuracy (whichever is greater).

Output appears on a meter or can be fed to an oscilloscope. The unit has a flat frequency response from d.c. to 1kHz and is internally calibrated. It is available with any of three alternative power supplies: dry batteries, rechargeable cells, or mains supply. The low bridge energisation of 4V allows the unit to be used with most wire or foil gauges, and includes a calibrated gauge factor control from 1.85-2.15.

A 25-channel switch and balance unit, type E15, is also available to work with the meter.

### Checks on the heart from afar

THERE can be little doubt that an athlete forcing the pace during a gruelling race or in an attempt at some major record is putting his heart and circulation under very great strains. Just how great these are has so far been somewhat difficult to measure because of the fact that the individual was particularly mobile at the moment when the strains were being undergone.

The equipment shown here has been devised by the Siemens organisation, D-8000 Munich 1, Postfach 103, West Germany, to bridge this gap.

In the application illustrated, the subject is carrying out training for one of the most exacting events, the 10,000 metres in which the men race against the clock and tax their reserves to the utmost. The equipment at the edge of the track has been devised by Siemens to capture the electrocardiograms of the athletes as they are produced and record them for future examination after the event.

However, the work done on this particular application has possibilities in many other areas when it comes to observing the action currents of the heart.

Since no wiring connection to the equipment is needed, this means that any subject can be observed in any work or other situation without having to do more than ensure that the antennae do not interfere with what he has to do.

There are many organisations which could benefit from being kept up-to-date with the significant progress we are making in the development of software as an independent product," Mr. A. R. K. Hardcastle, chairman of SHA, has stated.

The new associates include, for example, certain management consultants, computer hardware and peripheral manufacturers, bureaux, research bodies, users who have large software capabilities, and overseas software houses. A number have already asked if there was any way in which they could be associated with the work of SHA, without becoming members.

Software houses in the U.K. who may not yet be considered eligible for membership of SHA may be granted associate status and would then have the right to have their application for membership reviewed at annual intervals.

All associates will have the right to attend general meetings of the association and participate in the proceedings; nominating representatives who can be asked to sit on technical and specialist committees established by the association; make representations to council on matters of interest and importance to the association and the industry generally; and elect a committee of associates who may appoint one to attend a council meeting when matters affecting associates are under review.

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## METALWORKING

### Marking metals

SEMI-AUTOMATIC marking machines specially suitable for small to medium batch production runs of items like small tools, instruments, electrical and

electronic components, have been introduced by Lectroetch (Great Britain).

Known as the model 3800, the machine can produce up to 2,000 permanent marks per hour on conductive metal surfaces. It can produce consistent and accurate black or bright etch marks for such purposes as batch numbers, part numbers, manufacturers' names or trade marks.

Costs can be as low as 4p per

thousand marks, according to the company. The unit is electronically controlled, while the ram is pneumatically actuated by means of a foot switch.

Incorporating a timer by which the intensity and depth of marks can be controlled, the machine requires an air line at 20-25 p.s.i. Marking heads and stencils are rapidly interchangeable and the stroke of the ram and the height of head are adjustable so that components up to 5 inches high can be accommodated.

The model 3800 costs £310. Lectroetch is at Spur Road, North Feltham Trading Estate, Feltham, Middlesex.

required. The dies are housed in a fly-wheel, and are surrounded by rollers which when driven round the dies exert intermittent pressure on the workpiece, producing a hemispherical closure. One model is capable of producing a round taper on square tubing.

To increase production automatic hopper feeders can be fitted which can accommodate 8 feet long tubes.

### Costs saved on vehicle assembly

CAR makers, committed to a market that is becoming increasingly competitive, are looking for ways of reducing both labour content and the number of operations needed for a particular assembly.

One simple example of the way in which costs can be reduced in this area is given by Jaguar, which has recently gone over from brazing to an adhesive method of assembling its rear receding levers on the V12 E Type.

Previously, the company brazed two levers into a central rotating boss, which meant that subsequently, the assembled part had to be polished before plating. On a part such as this, the labour cost involved in the brazing would also be substantial.

Recently, Jaguar has adopted another solution, based on adhesive supplied by the Douglas Kane Group of Welwyn Garden City, Hertfordshire. Using a product known as Tubeweld, it was possible to attach the two arms of the mechanism to the central boss more quickly than could have been done by brazing.

In addition, since the adhesive is anaerobic, which means that it will cure only in the absence of air, it is a simple matter to wipe off excess adhesive after the joint has been made.

Polishing is therefore unnecessary, and the part can be passed directly to the plating shop. Although Jaguar is unwilling to talk about exact cost savings on this change of method, these are said to be substantial.

### Primer protects metal

POROSITY is often a problem when welding primed plate, especially when high speed welding processes are used. Pillar Engineering Supplies, Waldegrave Road, Teddington, Middlesex, claim to supply a primer guaranteed not to cause porosity, which is stated to be prevented by a special ingredient.

The primer, called Guard, uses a resin constituent which through the interaction of primer and substrate during drying, forms a hard and durable coating. It will not blister on heating or flake when struck, will accept almost any subsequent paint system, and is unaffected by storing or baking.

Pillar state that the abnormally low surface tension of the product increases surface coverage, saving costs and producing an even coverage of shot-blasted or rough surfaces. Another special ingredient renders corrosive combinations inactive.

Before application of the primer the usual surface preparation must be made, preferably by shot blasting.

PRODUCING tapered and/or reducing operations on tubes and pipes by swaging can be achieved at rates up to 250 pieces per hour and in diameters from 1 inch to 31 inch on an Italian machine now available in this country through The Addison Tool Company, Heron Trading Estate, Westfields Road, London W3 0RE.

Claimed to use a new approach, the machines are fitted with two half dies, machine and ground to the negative form of the shape

### Assessing lathe performance

FACED with the choice of lathes made by different manufacturers but of apparently similar capacity, cost and delivery, the customer might be influenced in his decision by the most persuasive salesman, or might choose the machine which fitted his factory colour scheme.

Now he can reach a more logical decision by following a test procedure developed by the Machine Tool Industry Research Association, Huxley Road, Huddersfield, Marcellusfield, under contract from the Department of Trade and Industry. Despite the large number of factors which can affect the cutting performance of a lathe, the relatively simple test procedure will give results which will be accurate to 2-3 per cent. The test can be completed for other types of machine tool.

Standard work pieces are mounted in the lathe, and a standard tool is used to make a cut of steadily increasing depth. The depth of cut producing chatter (that is the maximum satisfactory cutting limit) is noted, and the results compared with those obtained from similar lathes under test. A report describing the test procedure, the precautions to be taken, and how to determine the significance of the results, is available from MTIRA at £12. The tests are known as dynamic performance tests.

It is relatively easy to measure the geometrical accuracy with which machine tools are made and operate, and most machine tools are tested in this way. But it is not so easy to measure in a meaningful way the dynamic performance of a machine tool—the rate at which it can remove metal from a workpiece while still producing an acceptable surface finish.

A limitation on metal removal rate is a violent vibration, known as chatter, which increases tool wear and reduces the dynamic results in poor surface finish and limits production rates. The MTIRA work has produced a method by which chatter can be accurately measured and comparisons made between similar machines.

### High-speed carton die router

FIRMS in the carton making industry who read an item on this page on Friday August 6, headed "Another way to make carton dies" may like further details of the die router used.

The router and the special plastic die board was invented and is supplied by W. Nettles, of 17, Bowling Green Lane, London, EC1R 0BB. As already explained, instead of having to draw and cut each carton's folding and cutting rule slots individually, a steel template is made. The operator uses a running nose cone located in the template slots to guide the router at speed of up to 12 inch/minute. The plastic die board is hand traversed on a highly polished worktable.

Using a high-speed electric motor running at 43,000 r.p.m. the router slices up the router cut the die board four times as fast as a conventional hand cut die, and with greater accuracy. The die board is available in two thicknesses—15 and 18 mm—and the router cuts completely through the board. Router bits are available for cutting slots to standard rule sizes of 2, 3 or 4 point.

Five carton makers and one trade die shop have already installed the equipment.

### Indicates the strain

A PORTABLE strain meter suitable for use in both education and industry has become available from Tecquipment, Clinton House, 2a, Sherwood Rise, Nottingham.

Designated type E 10, it can be used on its own, or with a switch and balance unit, for laboratory or field testing of static or vibrating structures such as bridges, buildings, cranes and hoists.

Measuring 3.15 by 12.1 by 6.3 inches and weighing 12.5 lbs, the single-channel unit is direct reading with complete circuitry

only partially successful. The reason for this could well be that few companies look at distribution as a whole, and so the improvement in one area is negligible in the context of the whole operation.

Now, the Management Studies Centre, in conjunction with Selcon, is organising a two-day conference on Distribution Management on September 1-2. This will deal with all aspects of the problem from the overall philosophy of a distribution system to such details as manpower planning.

From the viewpoint of the company considering a reorganisation of distribution, probably the most important contribution will be an examination of case studies on depot siting and route planning carried out by Wim Hoeksma and Peter Alsbury of Selcon. These will be concerned with the costs of alternative methods and the savings in both time and manpower that can be achieved in the medium term.

So far, response from industry has been good and the companies feel that this indicates that there is a general trend towards more detailed planning of transport schemes than has been apparent in recent years.

## TRANSPORT

### Distribution as an art

NO MATTER what the product, management is faced with increasing distribution costs, partly a natural function of higher wages and, if the company is expanding, of longer delivery lines.

Consultants and companies have tackled this mainly by optimising vehicle routes, and these have been, in the main,

## COMPUTERS

### Software association expands

ORGANISATIONS not eligible for membership of the Software Houses Association, but which have significant experience of computing and wish to contribute to the association's work may now become associates, it has been decided.

Software houses in the U.K. who may not yet be considered eligible for membership of SHA may be granted associate status and would then have the right to have their application for membership reviewed at annual intervals.

All associates will have the right to attend general meetings of the association and participate in the proceedings; nominating representatives who can be asked to sit on technical and specialist committees established by the association; make representations to council on matters of interest and importance to the association and the industry generally; and elect a committee of associates who may appoint one to attend a council meeting when matters affecting associates are under review.

The vessel in this case is a structure which simulates all the main units of a sea-going unit, designed so that fire-fighting tests have easy access to every section. It resembles the mid-portion of a dry cargo unit of 3,000 grt measuring 120 by 40 feet, consisting of decks and bridge, forward and aft holds, an engine room, galley, holds and other quarters.

Mainly of reinforced concrete, the building is protected in

## CONSTRUCTION

### Topping out a ship

BECAUSE firemen in services which cover coastal waters may, from time to time, be called on to cope with blazes on board ships, their own particular technical college at Moreton in Marsh, Gloucestershire, has itself just topped out a "ship".

The vessel in this case is a structure which simulates all the main units of a sea-going unit, designed so that fire-fighting tests have easy access to every section. It resembles the mid-portion of a dry cargo unit of 3,000 grt measuring 120 by 40 feet, consisting of decks and bridge, forward and aft holds, an engine room, galley, holds and other quarters.

Mainly of reinforced concrete, the building is protected in

### Inductive transducer

AN inductive displacement transducer 6.35 mm long and weighing 3g for use in inaccessible positions is now available from the transducer division of Sange Controls, North Bersted, Bognor Regis, Sussex.

Designed to measure static and dynamic displacement, proximity and speed in a wide variety of industrial and research applications, the T2 "mini" transducer can measure displacements up to 0.4 mm.

The displacement can be measured of all metallic materials, with the exception of a few special non-magnetic alloys with low conductivity. However, in such cases a 0.010 thick water of soft iron or mild steel applied to the surface will enable the displacement to be measured. The operational temperature range is -10 degrees C to +100 degrees C.

### Kerosene sweetening

A 15,000 barrels per day kerosene desulphurisation unit, to use the Universal Oil Products process, is to be erected at Texaco's Pembroke refinery by Humphreys and Glasgow.

Understood to be worth in the region of £200,000, the contract is scheduled to be finished around the middle of next year.

The project will be carried out by H. and G's special contracts

### Swaging tubes and pipes

PRODUCING tapered and/or reducing operations on tubes and pipes by swaging can be achieved at rates up to 250 pieces per hour and in diameters from 1 inch to 31 inch on an Italian machine now available in this country through The Addison Tool Company, Heron Trading Estate, Westfields Road, London W3 0RE.

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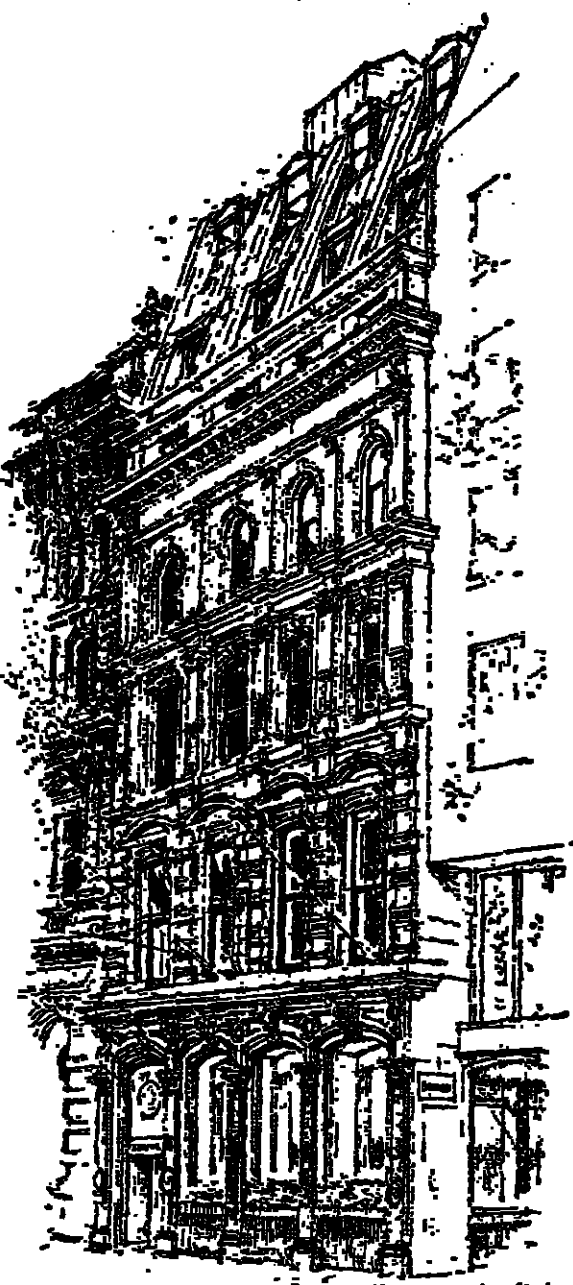
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One of Britain's largest organisations engaged in contracting in the United Kingdom and overseas for electrical installations, instrumentation, heating, air-conditioning and overhead line transmission and distribution.

Salient points from the Statement by the Chairman, Mr. I. Scler, C.Eng., F.I.E.E.

● Group profit for the year ended 31st January 1971 before tax is £389,509 compared with £526,877 in the previous year. Total dividend recommended is 10% compared with 16%.

● Owing to high incidence of inflation and accelerated wage settlements, the Directors consider it prudent to conserve working capital by proposing a reduced dividend.

● The profits were in the main earned abroad as conditions in the construction industry in the United Kingdom have been difficult. Turnover for the year is £23,800,000 compared with £21,800,000 last year.

● Contracting activities continued at the same high level as last year. The £3,000,000 Drax Power Station contract is proceeding satisfactorily as are the other large contracts. Substantial contracts obtained since last year's report include a £2,000,000 cabling contract for Hartlepool's Nuclear Power Station and a £450,000 project for a hospital in Fiji.

● Intake of orders for the Group up to middle of June is slightly higher than for the corresponding period last year. The orders for the subsidiaries abroad have increased materially.

● This year the operational activities of Massot et Disder, S.A., and Chas. Mildé Fils et Cie, S.A., were amalgamated into one operating company, Mildé-Massot-Disder, S.A. Your company owns 65% of this new company, which at present is operating at a turnover of £4,000,000 per annum. Consequently it is of a size which will enable it to continue to take a prominent share of the electrical installation work in France, and should Britain enter the Common Market your company will be in a favourable position for future operations throughout the Continent. The company is already operating in Greece, Yugoslavia, Holland, Belgium, Norway, and on the Ivory Coast.

● The Israeli Group with its subsidiaries in Ashdod and Iran is continuing with a high rate of order intake and production and anticipates another successful year.

● In the United Kingdom, though conditions are still difficult, we are maintaining our share of the market and are applying economies and tighter controls. With the discontinuance of certain unprofitable activities and with reduced losses and increased profits in certain branches and subsidiaries resulting in overall increases in profitability in the future.

Copies of the Report and Accounts can be obtained from the Secretary, James Scott (Electrical Holdings) Ltd., 80-110 Finsbury Street, Glasgow, C.3.

#### Principal Centres of the Group

|             |             |          |
|-------------|-------------|----------|
| Glasgow     | London      | Tel Aviv |
| Edinburgh   | Manchester  | Grenoble |
| Dundee      | Liverpool   | Paris    |
| Perth       | Nottingham  | Bordeaux |
| Dunfermline | Winchester  | Moscow   |
| Aberdeen    | Southampton | Tehran   |
| Newcastle   | Cardiff     | Ashdod   |





# Building and Civil Engineering

## £6m. hospital first stage awarded to Laing

FIRST stage of a £14m. hospital complex in Freeman Road, Newcastle, is to be undertaken by Laing Construction. Awarded by the Newcastle Regional Hospital Board, the £6m. contract should start this month and provide 756 beds. Completion is scheduled for May, 1975.

The first stage comprises a 7-storey ward block to provide space for 376 beds, a 4-storey podium block with operating theatres, X-ray and outpatient departments and a 3-storey cardiothoracic block containing theatres, plus boilerhouse, ancillary blocks, works areas, car parking and drainage.

Design of the 35-acre scheme is by L. K. Pollister, architect to Newcastle Regional Hospital Board. The structural consulting engineers are Ove Arup and Partners, and landscape architects are Hackett and Robson. Construction will generally be of reinforced concrete frame with precast columns and in situ

Holobir floors, while cladding will be of traditional facing brickwork. The main ward block will contain beds for such cases as general surgery, geriatric medicine, urology, general medicine, orthopaedic surgery and children. It will also contain facilities for administration and records, medical photography and a geriatric day unit.

Also in the block will be an inter-denominational chapel to seat 100. A feature will be a hospital teaching centre designed to serve 1,310 nursing staff and 180 medical staff.

The podium block will be the centre of diagnostic and treatment facilities and will also form the main centre for the intake and distribution of supplies to the whole hospital. There will be a staff restaurant to seat 330, and a kitchen capable of producing 2,000 meals for patients and staff.

Outpatients' department will be sited in the podium block and it will have a physical medicine

unit including a gymnasium and hydrotherapy pool. Nine operating theatres will be in this block as well as X-ray units, pharmacy, pathology, medical records, intensive therapy unit, outpatients' day ward, haemodialysis unit, urology research department and anaesthetic department.

This is one of the most ambitious projects ever undertaken by Newcastle Regional Hospital Board and the first phase alone is expected to cost about £8m. to build and equip.

In addition to all the standard hospital departments, the Freeman Road complex will also offer a number of specialist services including a sophisticated heart and lung unit expected to attract world-wide attention.

The wards have been designed for the greatest flexibility in use. Each floor will have four wards of 30 beds each, but the wards will be left open-ended so that beds can be removed or added to an adjoining ward according to need.



THESE high-rise blocks of flats in Madrid, being built by Laing Iberia S.A. (Spanish member of the Laing Group) are being clad with brick by men working from suspended platforms.

This system, using metal platforms similar to window-cleaners' cradles, suspended from temporary cantilevered beams installed on the top of the steel-framed buildings, is said to achieve quicker and cheaper erection than with traditional scaffolding. These platforms are being used to complete nine blocks of five, nine and 15 storeys within an 18-month contract valued at £500,000.

The project requires 2m. facing bricks and 3m. bricks for internal walls. Altogether 182 flats are being built for a savings bank which, with the aid of a Government loan scheme, will offer them for rents of between £15 and £18 per month. Equipped with electric central heating, each flat will have two balconies. In the tower blocks the flats will have four bedrooms while the medium-rise blocks will have three-bedroomed flats. Architect is Agustín Delgado de Robles with R. Castellanos and A. Fernández as technical consultants. The ground floor of each block will be left open for children's play areas.

## Costain to extend airport and build a brewery

GLASGOW Corporation has awarded Costain Civil Engineering a £1.5m. contract to extend the main runway at Glasgow Airport and the company has also been awarded a £200,000 contract to build a brewery in the Seychelles Islands.

The Scottish job calls for a 1,400-foot extension and the overlabelling of the existing runway by the addition of 4 inches of asphalt.

Much of the work will have to be carried out at night in order to minimise disruption to airport traffic, but despite the restrictions the contract is scheduled to be largely finished by next June.

The runway extension, giving a total length of 8,400 feet, will consist partly of 8 inches of reinforced concrete, topped with asphalt and partly of 14-inch-thick reinforced concrete.

Besides the construction of two service tunnels beneath the extended runway and taxiway, other work includes associated taxiways and a concrete holding apron as well as a new drainage system and facilities for incorporating runway lighting by a subsequent contract.

In the Seychelles, where Costain is to build the islands' first brewery, the company has recently completed a large airport contract involving extensive land reclamation.

The brewery project calls for a single-storey steel framed building with special cladding, to include cold rooms, bottling stores and the complex brewery plant.

To be located on Mabe, the main island in the Seychelles, the scheme was awarded by Seychelles Brewery—a company whose principal shareholders are Hease Brauerel, of Hamburg, Guinness (Overseas), East African Breweries and Allied Maltsters.

The brewing plant will be installed by specialist sub-contractors working under the supervision of Hease Brauerel. Work is about to begin for completion early next year.

## Newcastle Polytechnic enlarged

WORK worth more than £750,000 has been won by the Bowey Group, of Gosforth, Newcastle-upon-Tyne.

Ralph Bowey and Son, the group's building company, has been awarded a £204,000 contract by Newcastle City Council for a teaching block at Newcastle Polytechnic. Work should start in the next few weeks and is scheduled for completion by May, 1973.

The block will form the second stage of the Polytechnic's Northumberland building, which was built in 1967. This extension will be a five-storey L-shaped block linking up with the existing building. It will provide both general and specialist teaching rooms for construction and industrial administration. There will also be lecture rooms, staff workrooms, communal rooms and toilet facilities.

William T. Wallace and Son, Bowey's civil engineering subsidiary, has won a £118,000 contract for which the consulting engineers are Sir Herbert Humphries and McDonald.

## Norwest's £3.7m. job

MERTHYR Tydfil County Council has placed a £3.7m. order with Norwest Construction (Civil Engineering) for the construction of a trunk sewer.

The contract involves the laying of about 11,000 metres of trunk sewers—mainly 1,200mm to 1,850mm diameter—together with branch sewers, storm overflows, manholes and retaining walls from Troed-Y-Rhiw to Cilfynydd.

Also included are three triple pipe inverted syphons under and five pipe crossings over the Taff river. It is proposed to sub-contract to Mitchell Brothers Sons and Co. the tunnel portion of the contract, on which it is anticipated that compressed air working will be required, according to Norwest. Work has now started on the 30-month contract, for which the consulting engineers are Sir Herbert Humphries and McDonald.

## Plastic trough floor formers

REPLACING the steel formers and lattice ribs employed in the Kaiser floor system are injection moulded polypropylene T forms which are used to produce a one-way spanning ribbed concrete floor with 125 mm wide ribs at 600 mm centres.

The T forms are manufactured to a basic length of 750 mm by GKN Floors, St. Ives House, Maidenhead, Berks. SL6 1QZ. The forms are open-ended, and can be over-lapped to fit most spans. They are available in four depths to provide trough voids 175, 250, 325 and 400 mm deep. A minimum concrete topping of 50 mm may be used.

The T forms can be erected on a skeletal support system, eliminating the use of a full deck, and can be removed 2/3 days after pouring, leaving the floor propped until the concrete is fully cured. The forms store easily, and, the maker states, have a good re-use life.

## Covered-in berths

CONSTRUCTION of two covered shipbuilding berths at the Woolston Shipyard of Vosper Thornycroft is to be completed by autumn 1972. The berths will be 450 feet long, and consist of steel framed buildings on piled foundations, about a third of which will be below high water mark, complicating the piling schedule. The buildings will be sheet metal clad.

George Wimpey and Co. has been awarded the £800,000 contract, which includes the design, fabrication and erection of steelwork (to be carried out by Conder under sub-contract). J. H. Carruthers and Co. is supplying two 40-ton and two 5-ton cranes.

## Sussex sewage scheme

The 18-month study is being carried out under the auspices of the Food and Agricultural Organisation and the International Bank for Reconstruction and Development.

The eventual development value of the project is reckoned to be in the region of \$3m-\$5m.

Admiralty Research Department: Maxwell Stamp Associates, economists; Wallingford Hydraulics Research Station; and Cooper Bros., accountants.

## £1m. City offices for store group

OFFICES for International Stores are to be built at Mitre Square, London, E.C.3, under a £1m. order placed with Trollope and Colls.

Work is to be carried out in two phases with overall completion scheduled for 1974. The site is within the City's Roman Wall and is adjacent to the client's present offices—part of which are to be demolished during the contract.

The building, designed by Joseph and F. Milton Cashmore and Partners, will consist of a 9-storey block with two 3-storey flanking wings and a basement to include car parking.

A modern computer hall and staff dining facilities together with all services are to be provided. The structural frame is of reinforced concrete and the brick fabric is clad with reconstructed stone.

## Bridges in Wales

THREE river bridges, with a combined value of around £200,000, are to be built in Wales by Holland and Hannen & Cubitts (Civil Engineering), retaining walls. Scheduled for completion by late 1972, the building has been designed by British Home Stores. Structural consultants are W. S. Atkins and Partners.

The new bridge, which will carry the A487 Bangor to Fishguard trunk road over the River Aeron will be widened, together with its approaches, and the entire section will be resurfaced. All three bridges should be completed within a year. Consulting engineers are Wallace Evans and Partners.

An £80,000 steel deck bridge will replace an existing structure at Pont Eion near Tregaron for Cardiganshire County Council, and a £38,000 bridge widening scheme is being carried out at Abereron, Cardiganshire, for the Welsh Office.

## County hall extension contract

NORTH Riding County Council has awarded a £282,000 order to Walter Thompson (Contractors) for extensions to the County Hall at Northallerton.

The scheme comprises a 2-storey block for the Highways Department, together with a single-storey computer block, 3-storey link building and car park extensions. Completion is programmed for May, 1973.

Thompson was main contractor for the previous County Hall extensions, completed in 1967, and is also engaged on school contracts at Northallerton, Bedale and Stokesley, totalling £565,000 for the North Riding County Council.

## Store will be anchored to ground

GROUND anchors are being installed by Cementation Ground Engineering through the ground floor concrete slab of the British Home Stores building being erected at Bournemouth, Hants. The site, on a steeply sloping ground, is being developed by Cementation Building under a £1m. contract.

The 134 anchors are designed for the dual purpose of anti-flotation due to the possibility of a rapid rise in water table and to stabilise the adjoining peripheral retaining wall. The 35 feet long anchors are being installed, both vertically and angled, through the slab into fine sand in order to carry out the joint functions and possess a permanent working capacity of 30 tons.

Cementation personnel are working in a deep trench to install the anchors using a Wirth hydraulic drilling rig. The store itself is to be of reinforced concrete construction on raft foundations and with concrete retaining walls. Scheduled for completion by late 1972, the building has been designed by British Home Stores. Structural consultants are W. S. Atkins and Partners.

## Keeping buildings dry

METHODS of overcoming rising damp, condensation and pressure water in old and new buildings and structures are being offered by Damp Security (a member of the Ryton Group), of 354, Kensington Road, London, S.E.11.

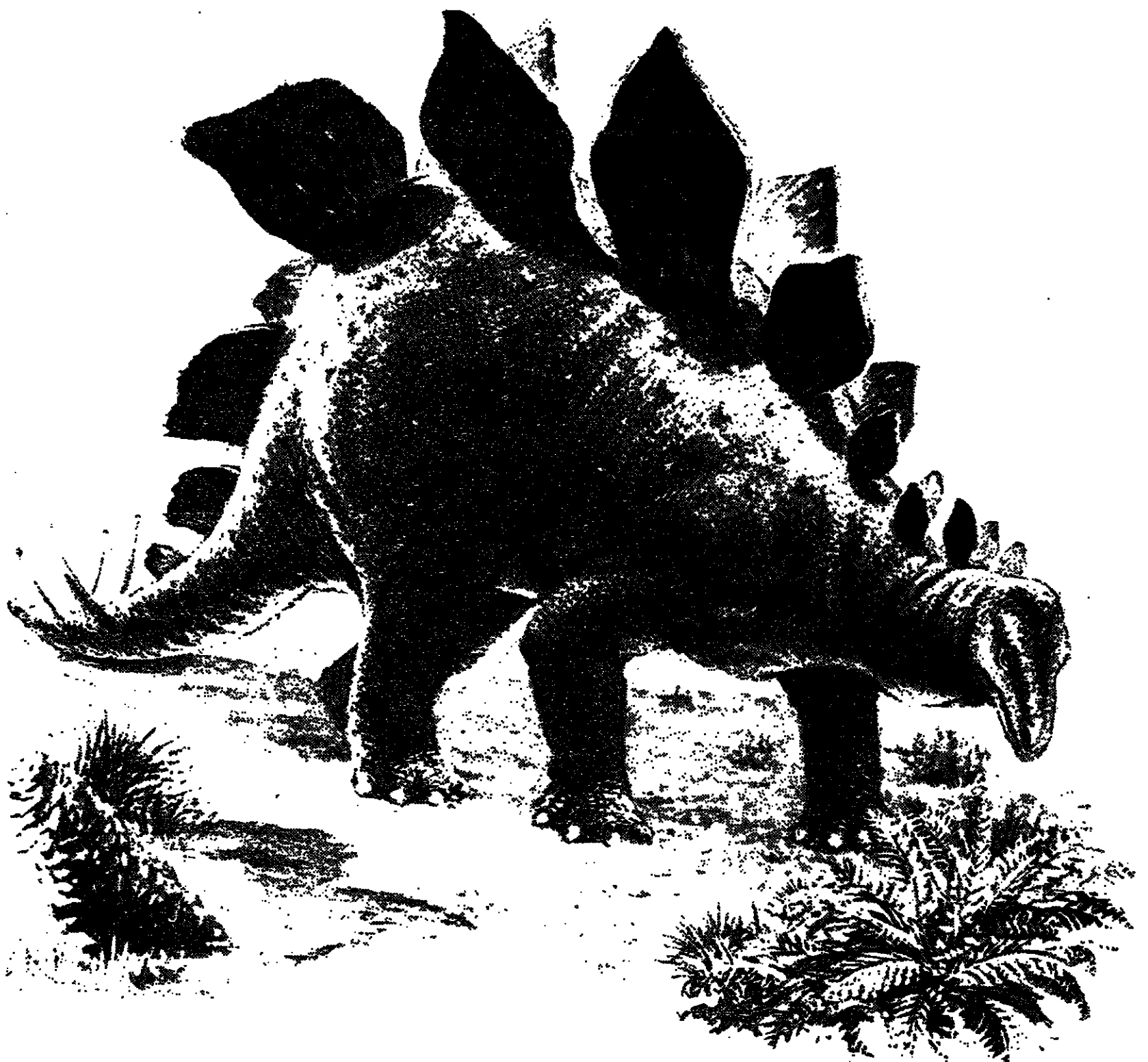
The company, which is the U.K. licensee to Mr. Werner Grammerstorff, the West German pioneer of IPA waterproofing techniques, carries out all site work with its own operatives. This avoids the difficulty of apportioning the blame in the event of failure.

Three damp-proofing and water-proofing agents form the basis of the system. The three products, which are imported from West Germany, are Ipanex, Ipanex R and Ipa E64. Ipanex is a liquid for use with sand and cement mixtures which improves workability so that the water/cement ratio can be reduced to increase the density of the mix and reduce drying-out shrinkage.

Ipanex R has the same properties, but is rapid-hardening and non-shrink. It is suitable for plugging holes in walls or floors through which water is entering under pressure.

The third material, Ipa E64, is an additive which creates a foamed plaster intended to prevent condensation, increase the evaporation rate of damp surfaces and improve the thermal efficiency of the treated surface.

Special air-entraining machines are used with this additive resulting in a light, workable aerated mixture, which when applied dries to a hard rendering with uniform cellular structure which allows the wall to breathe. Two types of foam are available. One can be used on internal surfaces to prevent condensation, while the other is for use on external surfaces to increase the area of evaporation.



## Wrong!

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around because they're so — reliable. When we build a crane or excavator, we expect some mileage out of it. The same goes for the new hydraulic models. Yes, hydraulic.

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# COMPANY NEWS+COMMENT

## Cawoods raises dividend by 2½%

GROUP PRE-TAX profit of Cawoods Holdings expanded from £1,630,568 to £2,091,538 in the year to March 31, 1971, and the dividend is stepped up from 22½ to 25 per cent. with a final of 17½ per cent.

When reporting first-half profit of £1,050,000 to £765,000, the directors said the year's figure should show a "satisfactory increase."

As to the current year they state that growth is planned in all divisions and profits so far are ahead of last year.

In the past year record profits were earned by all divisions except Sewell Distribution where profits from oil were down due to effect of new oil company's supply contracts and increased road transport costs.

| 1970-71  | 1969-70    |
|--|------------|
| Trading profit   | £1,050,000 |
| Depreciation   | £1,630,568 |
| Profit before tax  | £2,091,538 |
| Taxation   | £211,178   |
| Net profit   | £1,880,360 |
| Ordinary dividend  | £1,050,000 |
| Preference   | £830,360   |
| Dividend contributions to profit                               | £1,880,360 |
| Fuel distribution  | £1,050,000 |
| Asphalt, stone quarries, concrete                              | £300,000   |
| Sand and gravel, etc.  | £500,000   |
| Refineries   | £100,000   |
| Construction   | £100,000   |
| Building contracting   | £100,000   |
| Interest payable   | £100,000   |
| Including ready-mixed concrete and builders' supplies, + Loss. |            |

The report and accounts will be circulated on August 30 and the meeting will be held on September 24.

Statement Page 4

See Lex

## Econa to progress in plastics

SUBJECT TO conditions not determining the directors of Econa expect group profit for the current year "at least equal to, if not better than, those of 1971," says chairman, Mr. H. R. Scott.

Improved results are expected from the plastics division which is now approaching profitability and should make a significant impact "on group profits, where as the services division may well show lower profits."

As reported on July 22 group pre-tax profit for the year to March 31, 1971, was £207,352 (£173,534) and the dividend 31½ (20) per cent. Turnover increased to £3,408,176 (£3,137,787).

Dividend cover increased from 1.45 to 1.89 excluding the surplus on the sale of land and building destroyed by fire, it is stated.

The full amount of the loss claim, applicable to the 12 months to April 23, 1971, has not yet been agreed but £50,000, believed to be a conservative estimate, has been included in the year's trading profit.

The fittings division showed considerably increased profits, while the tube division showed a slight improvement.

Long term fixed price contracts combined with the high rate of inflation adversely affected profits of the Services division.

Losses continued in the plastics division where rapid growth in demand caused the company to institute full scale shift working: the training of the addi-

## HIGHLIGHTS

Bid situations again seem likely to dominate the week ahead; but although the list of company results is seasonally thin, it still contains several prominent names. Royal Insurance is due to produce half-year figures on Thursday, as also are Smith and Nephew and Clayton Dewandre while on the preceding Wednesday Lamson Industries and Tom Martin interim statements are expected. To start the week, results are awaited later to-day from Hattersley Stelrad and Ward and Goldstone, together with a half-year report from Leslie and Godwin. Tomorrow brings results from Southern-Edwards and on Wednesday those of Cussons and Norwest Holst. Associated Food and Pifco are due. On Friday Lotus and Relyon PBWS are expected to announce interims.

national labour and supervisory staff has meant that the build-up in output has been gradual and is only currently reaching the level necessary to cover overall costs.

Meeting, Solihull, September 10, noon.

● comment

Econa slowed down in the second half of last year with pre-tax profits up 11 per cent. against a 37 per cent. first half upsurge. However, the bulk of the profits comes in the second half so the group is (in this period) working from a larger base. As for the report, its tone is mixed. The profits target for 1971-72 is at least to equal 1970-71 performance. But the plastics section is scheduled to swing back into the black, meaning a loss elimination of some £50,000. Moreover, the settlement of the tubes division fire claim may be higher than the £50,000 trading profits included last year. So the 1971-72 forecast may prove conservative, by taking it at face value could imply a setback by the rest of the group. Thus a fully diluted p/e of 31 at 30p has the impression in strict perspective.

## RIT at least to hold 8½%

WHILE TOO EARLY to make an accurate forecast for the current year, Mr. D. Colville, chairman of Rothchild Investment Trust, is confident of at least maintaining the dividend, and "hopefully, to make a modest increase."

He describes the year ended March 31, 1971, as a period of "significant growth and change" in which the policy of concentrating on acquiring substantial stakes in service-based companies was carried out.

The result has been to transform the company from a relatively small orthodox investment trust into a very much larger concern combining a high quality portfolio of quoted securities, concentrated in the U.K. and the U.S., and a range of significant minority (and in the case of Datasolve) majority interests in unquoted companies with "outstanding growth prospects," states the chairman.

The full impact on the group's revenue account will not be felt until the current year.

In 1970-71 group profit, before tax, expanded from £141,446 to

of the 750-bed Butterwick hotel in 1972. So with profits largely protected against any slackening in the tourist boom by the hotels and low-price hotels, the shares on a 21 prospective p/e at 122p are not asking for too much.

## Bristol Post advertising expansion

ALL MAJOR activities of the Bristol Evening Post group shared in the improved result reported for 1970-71, but higher advertising revenue and two increases in newspaper cover prices contributed the greater part, states chairman Mr. W. A. Hawkins.

At the trading level profits increased by 17 per cent. to £233,646 in the year ended March 31, 1971—"rather better" than forecast. Turnover went ahead by over £1m. to £631m.

Publication of newspapers at Bristol by Bristol United Press and at Yeovil by the Western Gazette Company account for 67.9 per cent. of turnover and provide 89.2 per cent. of trading profit.

advertising the chairman says that for three years there had been little or no real growth in advertising expenditure by companies, but in contrast, and largely against the trend, the advertising service by the papers in Bristol and Yeovil continued to force ahead. Net advertising revenue of all the group's newspapers rose by 7.1 per cent. in 1970-71.

Depreciation in the year rose by over £18,294. For the current year and 1972-73 this provision will drop considerably and will be helpful in avoiding fluctuations in dividends over the next few years, says Mr. Hawkins.

The company has agreed to lease the building at Temple Way to Bristol United Press for 56 years at a commencing rental of £300,000 p.a. with upward reviews at the end of each seven years.

The chairman says that the company intends to play a leading part in local commercial radio. Year-end capital expenditure totalled £2,000m. (£2,585m.).

Meeting, Bristol, September 7, at noon.

● comment

Higher cover charges (amounting to a 20 per cent. rise since December) plus increased newspaper advertising income provided the background to the 13 per cent. advance in Bristol Evening Post's 1970-71 pre-tax profits. The 7.1 per cent. improvement in net advertising revenue was achieved despite a decline in the national industry trend and seems to have been aided by an upsurge locally. The report does not say much about current prospects, but the hope is clearly that the national advertising recession has bottomed out and that following the mini-budget there should be an upturn in the autumn. In any event, the market seems to be taking a brighter view as the shares have risen 12p to a new 1971 high of 92p in the five weeks since the preliminary statement. However, a p/e of 10.1 is still considered in terms of bull conditions.

Considering that about half of Rowton's 1970 pre-tax profits came from its 3,700 hotel beds (with the remainder contributed by 716 hotel beds), it is surprising that this year's loss of the 800-bed Parkway hotel did not drop the group's interim profits by more than 6 per cent. It seems that the overall occupancy rate is running at a high level, and in addition both the hotel and hotel prices were put up by about 10 per cent. early this year. Even so, annual profits will probably come out about 20 per cent. lower at £360,000 pre-tax (giving earnings of 58p against 77p last year) after the initial interest charge on the new loan. Against this, the group's 1972 profits will receive the benefit of the 684-bed London Park Hotel which is already heavily pre-booked, and the alone should more than offset the loss

## Rowton mid-way downturn

PRE-TAX profits of Rowton Hotels for the six months to June 30, 1971, are lower at £310,000 against £233,000.

The interim dividend is maintained at 8½ per cent. In 1970, the total was 21 per cent. from pre-tax profits of £439,702.

In April, the Board stated they did not expect the 1971 profit to reach the level attained last year, but it would be sufficient to maintain the dividend.

First-half trading results from the hotels and hotels were slightly better than expected, and the group will benefit from the recent reductions in purchase tax and corporation tax, the directors state.

Work on London Park Hotel is up to schedule. The hotel is due to open on May 1, 1972, and advance bookings are most encouraging, and several leading foreign travel agents have already made substantial reservations.

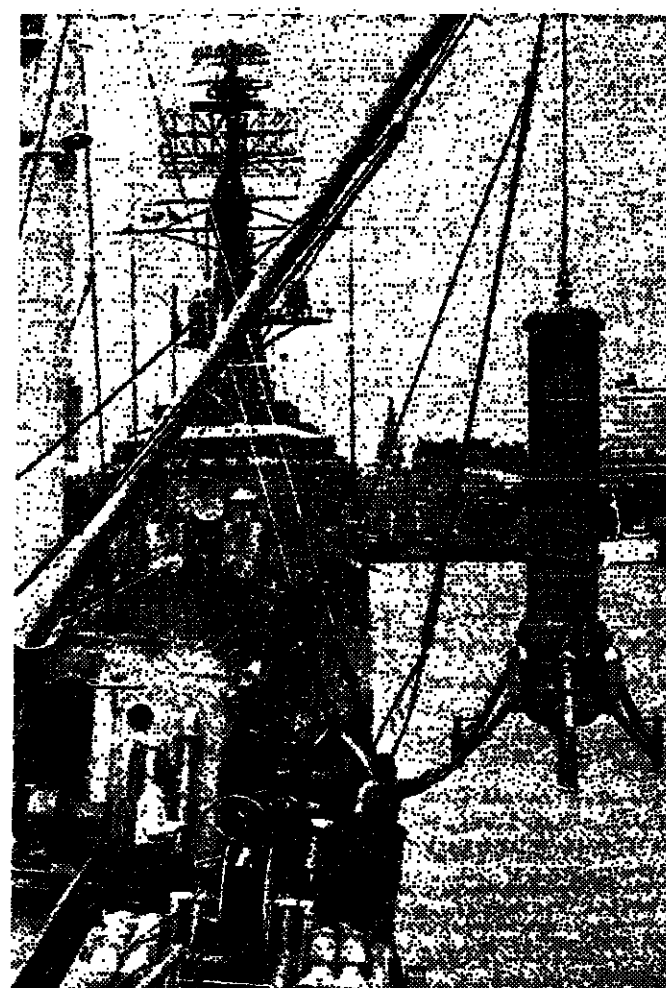
● comment

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During the year, Hales acquired a small site in Castle Bromwich adjacent to the area of land already in ownership. This total site has received planning permission for a six-storey hotel which the chairman feels will prove of considerable benefit, particularly if the proposed Exhibition Centre is approved.

Recent Government policy indicates that property companies will be treated fairly and reasonably, acknowledging that they play an important part in a modern economy and Mr. Hales is therefore more confident for the years ahead.

Meeting, Birmingham, September 8, noon.



A new type of self-controlled seabed sampling device, manufactured by Terresearch, part of the Taylor Woodrow Group, is being tested off the Aberdeenshire coast as part of a submarine survey being carried out for BP between the Forties Field in the North Sea and the Scottish coast. Once lowered into the water the sampling device sinks automatically to the bottom, takes its samples, and by increasing its buoyancy, returns to the surface to be recovered by the survey vessel.

## DIVIDENDS ANNOUNCED

| Current payment         | Date of payment | Corresponding payment | Total | Total |
|-------------------------|-----------------|-----------------------|-------|-------|
| %                       | year            | %                     | year  | %     |
| Cork Gas Consumers int. | 17½             | Aug. 27               | 15    | 25    |
| Cawoods                 | 17½             | 15                    | 25    | 22½   |
| Rowton Hotels int.      | 8½              | Oct. 22               | 8½    | 21    |

## More from Hales Properties

CURRENT FIGURES of Hales Properties "will reflect an improved profit level for 1971-72," chairman Mr. A. F. Hales tells members, and a dividend of not less than 10 per cent. is anticipated.

As reported on August 9, group pre-tax profit, for the year ended March 31, 1971, increased slightly from £54,728 to £59,732. The dividend is maintained at 9 per cent.

Regarding property development, the chairman states that during the year rental income increased from £113,303 to £125,514. This increase is mainly due to the continued development of further units having been let on Atherton Industrial Estate. "This development is progressing most satisfactorily and now contributes a substantial part to the company's rental income," he says.

Some 10 acres of land at Nuneaton has now been sold and a further 9 acres will be sold next year. These sales will increase the trading profit for the next two years and will still leave about half of the land remaining in ownership. A decision as to how best this land can be utilised will be made at a later date in the light of prevailing circumstances," he states.

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Meeting, Birmingham, September 8, noon.

British Dredging's optimism

The first quarter of the current year of The British Dredging Company has given reason for optimism, and if the present rate of demand continues profits should exceed those of the last year, says chairman, Mr. D. M. Bowles.

He stresses, however, that a severe winter can cause a downturn of optimism generated by a good start to the year.

As reported on July 15 group pre-tax profit, for the year to March 31, 1971, was £237,334 (£232,738) and the dividend 12½ (8½) per cent. Earnings are stated at 4p (3p) per 25p share and the dividend cover 1.25 (1.41).

Meeting, Cardiff, September 8, noon.

BUENOS AIRES LACROZE

A committee representing debenture holders of the Buenos Aires Lacroze Tramways Company has now been formed. It consists of Mr. J. R. Williams, director of Anglo-American Securities; Mr. R. Morrison; Mr. T. D. Scrase; Mr. E. J. Seaver.

MELODY MILLS PROSPECTS

MELODY MILLS, wallpaper manufacturers, is aiming at a controlled steady expansion, using retained profits as far as possible to finance such expansion.

Regarding the current year, chairman, Mr. W. T. Meigh, says the new collection has been well received "and we now have to perform accordingly."

He stresses that costs need to be rigidly controlled to remain competitive and, apart from competitive pressures, price increases have been deliberately kept modest in order to achieve a greater volume of business, especially overseas.

Membership of the EEC should

be of advantage to the company, the chairman adds.

As reported on July 31 group pre-tax profit for the year to March 31, 1971, was £190,637 (£180,830) and the dividend 10 per cent. (same) covered 2.4 times by earnings after allowing for the deferred shares, which will run for dividend in two years' time, says Mr. Meigh.

The profit was struck after exceptional items of £26,209 including £7,000 compensation to a director for loss of office.

Meeting, Leicester, September 7, noon.

Bovril still favours Rowntree

The Boards of Bovril and Cavenham have decided to battle over the week-end with the Bovril Board re-affirming its support of Rowntree Mackintosh in spite of Cavenham's Friday profit forecast.

On Saturday Bovril directors issued a statement saying that they see no reason to alter their strong recommendation of the Rowntree Mackintosh offer, currently worth 446p a share.

They have followed this up by taking advertisement space in this morning's papers, reminding shareholders that the Rowntree offer closes to-morrow.

Cavenham too is advertising this morning in the Press, emphasising its profit growth against the records of Bovril and Rowntree. The Cavenham share and loan stock offer is worth 488p, with an underwritten value of 460p.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times.

Bovril and Southern Stockholders Trust (Convertible) (Section: Investment Trusts).

Direct Spanish Telegraph (Section: Investment Trusts).

Tranmer Group (Section: Industrials, Misc.).

NEW COMPANY FOR LLOYDS GRP.

Devitt Langton and Dawson Day Group formed a new life and pension insurance company, Devitt (Life and Pension Brokers) which will start trading on August 23.

MINING SUPPLIES

A misplaced line of type in the Mining Supplies' report on Saturday may have caused confusion. To correct the record, the dividend is 4p (3p), a two-for-one scrip issue is proposed, and turnover last year was £3,568,638 (£2,877,337).

FIRST NATIONAL FINANCE

First National Finance Corporation proposes to redeem its £200,000 Cumulative Preference 6 per cent. stock at 80p per £1 unit. Extra-ordinary meeting September 8.

IN BRIEF

ALLIANCE INVESTMENT COMPANY

At the end of June 30, the Alliance Investment Company reports sales up by 84 per cent. on the previous year in terms of tons of fertiliser purchased.

Mr. C. Thomas, managing director, says "this was a particularly gratifying result at the end of a year in which the fertiliser industry was beset by unexpectedly steep rises in raw material and

As reported on July 15, group profit, before tax, for the year ended March 31, 1971, fell from £592,443 to £551,508. The total dividend is held at 12 per cent.

The chairman states that as far as costs are concerned, they have been contained, but the group has been confronted with increases in the cost of handling timber, particularly in the docks, over which we have no control.

Meeting, Clapton, E, September 8, at 2.30 p.m.

HUMBER FISH MANURE

At the end of June 30, the Humberside Fish Manure Company reports sales up by 84 per cent. on the previous year in terms of tons of fertiliser purchased.

Mr. C. Thomas, managing director, says "this was a particularly gratifying result at the end of a year in which the fertiliser industry was beset by unexpectedly steep rises in raw material and

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## MINING NEWS

## Slump in Northgate earnings

BY LESLIE PARKER, MINING EDITOR

NET INCOME in the first half of 1971 of Northgate Exploration, the Canadian-Irish mining house, slumped to £348,000 or 0.09 cents a share from £6,102,000 or \$1.02 a share in the same period of last year.

The company states that the fall in revenue reflects lower prices for lead, copper and zinc; the higher proportion of silver oxide and mixed oxide ores (treated at the Tynagh mine in Galway) for which both recoveries and metal content are lower than other ore categories; and a moderate drop in ore tonnage milled.

Many of the adverse factors are expected to be less severe during the remainder of the year. Present forecasts, assuming the continuance of current metal prices, indicate a net income of approximately £500,000 for the second half. This would make a total of around £2.5m. compared with £7.15m. for 1970. Publication of the full half-year report is scheduled for late-August. The shares, in front of the news, were 42½p on Friday.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend or final and interim dividends. Official notifications are not available below is based mainly on the firms' time-tables.

Y-DAY

Interim—Carroll Drogos, Kraft Paton, Leslie and Godwin, Smith and Nephew, Ward and Goldstone, Bernard Ward, and Borden.

Finals—Adams Smith, AGC Research, Ashworth and Stewart, Hattersley Stelrad, J. & A. Slinger, and Joseph Webb.

FUTURE DATES

E. C. Finance, Interim, Aug. 18; International Inv. Trust, Aug. 18; Lotus, Aug. 18; Phoenix (London), Aug. 24; Final, Aug. 24.

Centre Hotels (Cranston), Aug. 24; Continental Estates, Aug. 24; Gripech, Aug. 24.

company's operations "in any way whatsoever." Sabina were 22½p in London when dealings ceased.

## SABINA SHOULD GET QUOTE BACK

The president of Canada's Sabina Mines, Mr. Mike McCormick, said in London on Friday that suspension of the share quotation in Vancouver was a technical, not a substantive, matter which was in the process of being resolved with the Stock Exchange there.

The problem arose following completion of a deal with Germany's Gluini chemical company whereby Sabina secured the licensing rights for the whole of North America for the Gluini process to produce chemical byproducts from the wastes given off in fertiliser production.

To reflect more adequately the importance of this new enterprise the Vancouver Stock Exchange's permission to change the name of the company to Gluini Industries was sought. This meant transferring the quotation from the mining to the Industrial Board.

Mr. McCormick added that he would be back in Vancouver this week and expected to have Sabina fully listed and trading resumed.

He stressed that the share suspension had not affected the

## CRA option at Mt. Keith

An option to acquire part of Australian Consolidated Minerals stake in the Mount Keith and Kingston nickel prospects in Western Australia has been given to Consolidated Minerals.

The option runs to September 2 and if it is exercised ACI will receive an initial payment of \$2.3m. (£1.16m.) in cash or shares of CRA.

ACI has a 16½ per cent. interest in Mount Keith where indications reserves have been put at a huge 250m. tons but with a margin, grade of 0.8 per cent. nickel. The other owners are Freeport Minerals (formerly Freeport Sulphur) (30 per cent.) and Metals Exploration (33 per cent.).

ACI has an equal interest with the other two partners in the Kingston prospect to the north. In the event of both prospects proving viable CRA will pay further \$3m. in ACI and the latter's interest in them will be reduced to 5 per cent. ACI shares were unchanged at 18p on Friday with the options at 9p.

## Latham's satisfactory trend to continue

TURNOVER for the first three months of the current year shows a satisfactory increase, chairman of James Latham, Mr. J. D. Latham, tells members, and the Board is optimistic that this trend will be maintained through the remainder of the year.

Investments in capital projects over recent years, have played the group in a very strong and competitive position.

"When the expected increase in national productivity takes place, the directors will not fail to take advantage of increasing their business," he says.

As reported on July 15, group profit, before tax, for the year ended March 31, 1971, fell from £592,443 to £551,508. The total dividend is held at 12 per cent.

The chairman states that as far as costs are concerned, they have been contained, but the group has been confronted with increases in the cost of handling timber, particularly in the docks, over which we have no control.

Meeting, Clapton, E, September 8, at 2.30 p.m.

YOKOHAMA BONDS

Arrangements have been completed for the issue of 100m. 8 per cent. DM Bonds of 1971-86 in Yokohama City. The bonds are guaranteed by the Japanese Government. The underwriting group was headed by Deutsche Bank.

ICI LOAN

The 13½ per cent. Sterling Deutsche Mark Bonds 1973-86 in ICI International Finance have now been sold. The bonds, which are guaranteed by the parent ICI, were issued through a group of underwriters headed by S. G. Warburg and Co., Deutsche Bank, and J. Henry Schuyler Wagg and Co.

## INTERIM STATEMENT

## Pitney Bowes

## PITNEY-BOWES LTD. & SUBSIDIARIES INTERIM STATEMENT

The results for the six months ended 30th June 1971 based on unaudited accounts are as shown below.

|  | 1971<br>£ | 1970<br>£ | 31st December<br>1970<br>£ |
|--|-----------|-----------|----------------------------|
| Turnover   | 2,646,000 | 2,512,000 | 5,398,000                  |
| Trading Profit before<br>Depreciation & Taxation | 338,000   | 294,000   | 766,000                    |
| Less Depreciation                                | 227,000   | 193,000   | 375,000                    |
| Corporation Tax                                  | —         | 26,000    | 125,000                    |
| Net Profit                                       | 111,000   | 75,000    | 266,000                    |
| Less Amortisation of<br>selling expenses         | 74,000    | —         | —                          |
| Net Disposable Profit                            | 37,000    | 75,000    | 266,000                    |











## OFFSHORE AND OVERSEAS FUNDS (p\*\*\*)

[illegible]

Property Growth Assur. Co. Ltd.  
73, Brook Street, W.L. 01-499 4171

[illegible]

8.0 indicated.

6.6 Yields allow for value of declared distri-

7.2 butions and claims and are based on

|      |   |
|------|---|
| 4.0  | midsize prices.   |
| 7.6  | Estimated price-earnings ratios and times covered are based on corporation's earnings per share, after extraordinary items. |
| 9.5  | High and low marked times have been adjusted to allow for extra months of cash.   |
| 10.3 | 1. Return for quarterly sales increased.  |
| 6.8  | 2. Return for quarterly sales decreased.  |
| 8.6  | 3. Return for quarterly sales increased, passed or deferred.  |
| 5.6  | 4. Figures of report awaited.   |
| 6.7  | 5. Figures of report awaited.   |
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# Businessman's Diary

## Plastics first at Dusseldorf

NEXT Friday the new Dusseldorf trade fair grounds will be formally handed over by the city to the Dusseldorf Trade Fair Company. And the first exhibition to be held in the new complex will be the International Plastics Trade Fair from September 16-23.

The next exhibition space for plastics will be 78,000 sq. metres, an 80 per cent increase on the last Dusseldorf show in 1967. And 989 companies are to take part compared with the previous figure of 786. British participation is to consist of over 60 companies, 32 of them under the joint venture scheme sponsored by the British Plastics Federation. There will be two British group stands—one in the machinery section and the other in materials.

Dusseldorf Fair grounds now comprise 12 single-storey halls connected by raised and glass-covered walkways. These are reached by escalators which are extended into travelators in some of the walkways. Each hall has a restaurant and there are shopping centres, a sauna, rest rooms for children and kennels for dogs. In addition there is a post office and a large information centre for organisations such as travel agencies and airlines.

AS A RESULT of some cancellations and other exhibitors coming in some 15,000 sq. ft. of space has been taken so far for the Environmental Health Exhibition. The total to be devoted to the show is 21,000 sq. ft. and to date 37 companies are taking part.

The exhibition is held annually in conjunction with the Association of Public Health Inspectors' conference and this year it is to be at Devonshire Park, Eastbourne, from October 5-7. Last year's conference attracted 1,900 registered delegates. The programme includes papers on housing improvement, workers' environment and local government reorganisation.

## U.K. TRADE FAIRS AND EXHIBITIONS

| Date               | Title   | Venue                          |
|--------------------|---|--------------------------------|
| Current            | Brit. Musical Instrument Trade Fair (cl. Aug. 19) | Bloomsbury Ctr. Htl., W.       |
| Today              | Brit. Furn. Manufacturers Trade (cl. Aug. 19)     | Belle Vue, Manchester          |
| August 22-26       | Midlands Gift Fair                                | City Hall, Solihull            |
| August 23-Sept. 4  | World Sportacular                                 | Earls Court                    |
| August 27-Sept. 11 | Intnl. Handicrafts and Do-It-Yourself Exhibition  | Olympia                        |
| August 31-Sept. 3  | Intnl. Audio-Visual Aids Conference & Exhibition  | Olympia                        |
| Sept. 2-24         | Brassfoundry Exhibition                           | Building Centre, W.C.1         |
| Sept. 5-9          | West of England Gift Fair                         | Victoria Rooms, Bristol        |
| Sept. 7-10         | Northern Floor Coverings Fair                     | Exhibition Hall, Harrogate     |
| Sept. 9-10         | Electromotion Exhibition                          | Royal Victoria Htl., Sheffield |
| Sept. 9-18         | Northern Antique Dealers' Fair                    | Royal Baths, Harrogate         |
| Sept. 13-16        | International Laundry & Dry Cleaning Exbn.        | Olympia                        |
| Sept. 13-17        | Industrial Development Exhibition                 | Birmingham University          |
| Sept. 13-17        | Financing for Intnl. Trade and Export Services    | Olympia                        |
| Sept. 13-17        | International Watch and Jewellery Trade Fair      | Earls Court                    |
| Sept. 13-17        | Electro-Mechanical Components Exhibition          | U.S. Trade Center, W.          |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| Date               | Title  | Venue              |
|--------------------|--|--------------------|
| Current            | International Trade Fair (cl. Aug. 22)         | Messina, Italy     |
| Today              | International Trade Fair (cl. Aug. 21)         | Sydney             |
| Today              | Swedish Trade Fair (cl. Aug. 22)               | Malmö              |
| Today              | Education and Careers Exhibition (cl. Aug. 21) | Johannesburg       |
| August 18-Sept. 4  | International Trade Fair                       | Wellington         |
| August 19-22       | International Men's Fashion Week               | Cologne            |
| August 20-23       | Surgery Congress and Exhibition                | Moscow             |
| August 23-28       | Exhibition on Information Processing           | Ljubljana          |
| August 26-Sept. 11 | International Trade Fair                       | Reykjavik, Iceland |
| August 27-Sept. 5  | Radio, Television and Record Exhibition        | Berlin             |
| August 27-Sept. 12 | International Trade Fair                       | Algiers            |
| August 29-Sept. 1  | International Autumn Fair                      | Frankfurt          |
| August 30-Sept. 5  | Fashion Week                                   | Dublin             |
| Sept. 2-6          | International Fair                             | Milano             |
| Sept. 3-11         | International Motor Show                       | Sydney             |
| Sept. 4-11         | Irish International Food and Drink Fair        | Dublin             |
| Sept. 5-12         | International Household Goods & Hardware Fair  | Cologne            |
| Sept. 5-12         | International Autumn Trade Fair                | Vienna             |
| Sept. 5-12         | Gifts and Objects d'Art Exhibition             | Leipzig            |
| Sept. 5-13         | Autumn Fair                                    | Paris              |
| Sept. 8-22         | Jewellery Gold and Silverware Exhibition       | Moscow             |
| Sept. 9-19         | Building Material and Prod. Equip. Exbn.       | Zagreb, Yugoslavia |
| Sept. 10-15        | International Autumn Fair                      | Liege              |
| Sept. 11-28        | Commercial Fair                                | Copenhagen         |
| Sept. 12-15        | Scandinavian Fashion Week                      | Milan              |
| Sept. 13-19        | Italian Furniture Fair                         | Munich             |
| Sept. 13-18        | International Brewery Machinery Exhibition     | Munich             |

## BUSINESS AND MANAGEMENT CONFERENCES

| Date               | Title  | Venue                        |
|--------------------|--|------------------------------|
| Current            | HMP Sch. Mgmt. Services: Work Sty. (cl. Aug. 27)     | Beeston, Nottingham          |
| Today              | Mgmt. Studies: Scientific Stock Contl. (cl. Aug. 30) | Alexandra National Hotel, N. |
| August 23-27       | Guardian Business: Instructor Training               | 21, St. John Street, W.C.1   |
| August 25          | Bank Education Services Conference                   | Bloomsbury Ctr. Hotel, W.C.1 |
| August 30-Sept. 10 | PE Consulting Group: Modern Financial Mngt.          | Piccadilly Hotel, W.         |
| Sept. 1-2          | InComTec: Field Selling Operations                   | Piccadilly Hotel, W.         |
| Sept. 2            | Training for Bus. Computer Originated Microfilm      | Elvetham Hall, Hart, Witney  |
| Sept. 5-10         | Peat Marwick Mitchell: Production Mngt.              | Connaught Rooms, W.C.2       |
| Sept. 6-7          | Fin. Techniques: Company Taxation                    | Berners Hotel, W.            |
| Sept. 6-8          | IPM: Staff Appraisal and Mngt. Development           | Windsor Htl., W.             |
| Sept. 9-10         | Mngt. Training Consultants: Supervisors in Action    | 57, Marylebone High St., W.  |
| Sept. 13-15        | Ind. Assess. and Research: Differential Test Battery | Shelly House, E.C.           |
| Sept. 13-16        | Cooper Bros.: Accountancy for Managers               | Portman Htl., W.             |
| Sept. 15-16        | Mktg. Improvements: The Marketing Function           | Hartman Htl., W.             |
| Sept. 16           | Financial Times: Britain as a Business Partner       | Hartman Htl., W.             |

## THE WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or final. The subdivision shown below is based mainly on last year's time-table.

| COMPANY MEETINGS                          | DIVIDEND & INTEREST PAYMENTS |
|---|------------------------------|
| Industrial Midland Investment Trust 19.00 | Associated Fertilisers 1.00  |
| Industrial Midland Investment Trust 19.00 | Associated Fertilisers 1.00  |
| Industrial Midland Investment Trust 19.00 | Associated Fertilisers 1.00  |
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## APPOINTMENTS

# Willis Faber & Dumas Board changes

Mr. Julian Faber is to become chairman of WILLIS FABER AND DUMAS, from January 1, 1972. He will succeed Mr. John Roscoe who is retiring as chairman on December 31, but will remain a director of the company.

Mr. Henry Dumas will retire as joint deputy chairman on December 31 but will remain a life director. Mr. David Palmer and Mr. John Preece will become joint deputy chairmen of the company from January 1, 1972.

Mr. K. W. Childs and Mr. C. N. Hughes, ordinary directors, will become life directors from September 1.

The following ordinary directors will become life directors from January 1: Mr. R. J. Arnold, Mr. M. W. Bond, Viscount Chelmsford, Mr. J. S. Cohen, Mr. M. G. Day, Mr. R. Elliott, Mr. L. J. Harling, Mr. P. Johnston, Mr. D. J. Martin, Mr. A. Popple, Mr. F. K. Thomson, Mr. M. A. Wheeler, Mr. F. J. White, and Mr. R. V. White-Smith.

Professor Hugh Ford has joined the Board of ALFRED HERBERT as a non-executive director. He is head of the mechanical engineering department of the Imperial College of Science and Technology and is chairman of the Science Research Council's engineering group.

Mr. E. W. Morgan, sales manager, has been appointed to the Board of TYSLEY METALS.

Mr. W. H. Ireland, Mr. L. J. Davies and Mr. R. E. Broomfield have been appointed executive directors of GRESHAM TRUST.

Mr. Neil Parker has been appointed an assistant director of the BRITISH INDUSTRIAL FILM ASSOCIATION.

## Customer insolvency: new insurance policy

A NEW-STYLE credit insurance policy for manufacturers and traders engaged in selling goods, capital equipment or services of high cost value is announced by Credit and Guarantee (Underwriters).

The insurance operates from the date the contract is finalised between the customer and the seller, and the seller is insured against any loss suffered through the insolvency of the customer.

The loss can arise in respect of Pre-delivery Risk — Work in Progress, which embraces the cost of labour, materials, and delivered goods and contingent liabilities to the insured's suppliers and sub-contractors. There is now a Post-Delivery Risk section which operates from the time the goods or services are delivered or rendered to the customer until payment is received.

## U.K. MISSION FOR MEXICO

The British plant making industry is sending a mission to Mexico for the 1971 congress of Iron and Steel Institute of America, being held from October 4 to 7.

It will be led by Mr. C. Croft, chairman of the British Metalworking Makers' Association and chairman of Bronx Engineering.

## COMPANY NOTICES

**FIDELITY INTERNATIONAL FUND N.V.**  
INCORPORATED UNDER THE LAWS OF THE NETHERLANDS ANTILLES, ESTABLISHED IN CURACAO

**Dividend Declaration**  
The proposal of the Managing Directors to pay a special dividend of U.S. \$0.20 per share for the financial year ended 30th November 1970 was approved by the shareholders at the Special General Meeting held in Curacao on 28th July 1971. This dividend will be paid on or after 20th August 1971 against presentation of Coupon Number 1 of the office of The Bank of Bermuda Limited, Hamilton, Bermuda or Morgan Guaranty Trust Company of New York, 33 Lombard Street, London E.C.3 or Julius Bär and Co., Bahnhofstrasse 36, Zurich, Switzerland.

Hamilton, Bermuda  
10th August 1971

C. T. Collis, Secretary

## PUBLIC NOTICE

**BANK HOLIDAYS**  
MONDAY, 3RD JANUARY

All branches of the Bank of Scotland will be closed on Monday, 3rd January 1972.

**BILLS FALLING DUE ON**  
AUGUST 15 AND 16, 1972

Bills of Exchange which are due on August 15 and 16, 1972, will be payable on Friday, August 14, 1972. Such bills will fall due on Saturday, 1st January, 1972, will be payable on Tuesday, 2nd January, 1972, as being payable on Tuesday, 2nd January, 1972.

For Bank of Scotland,  
T. W. Walker, Treasurer  
General Manager,  
For The Royal Bank of Scotland Limited,  
J. B. Burke, Managing Director  
For The Bank of Montreal,  
R. D. Fairbairn, General Manager

## BUSINESS OPPORTUNITIES

**WANT TO GO PUBLIC?**

If you are a Company operating in the Leisure and Catering Field with annual profits in excess of £30,000 per annum and seek more rapid expansion by means of a quotation, we would like to hear from you. If you have the Management ability and the developing market we can make available the resources to assist your expansion.

Write Box B.5639, Financial Times, 10, Cannon Street, EC4P 4BT

**STELLA FISHER BUREAU**  
HAS NO BRANCH OFFICES?

No—but we DO have a lot of concentrated know-how and good office staff.

Our temps. are tested. Our permanent applicants well worth seeing. Stella Fisher people spare temps. save time at a flat fee for all staff (6%) are economic. Recruit better people through

**STELLA FISHER BUREAU**  
436 Strand, London, W.C.2  
Tel: 01-936 6644

**PERSONAL**

**PUBLICITY FOR AMERICA?** U.S. writer, 400+ experience, translates your copy, telephone 01-624 0438.

**GOLDEN KITCHEN—Golden Opportunity**  
Latest Trends—Take Away Foods, Total Investment £7,500. Capital required £2,500. Proven and details Golden Kitchen Sales Office, 27, Queen Square, Bristol, Tel. 0272 20224.

**A BARGAIN LIMITED COMPANIES** £35,000 formation 235 inclusive. Excess Co. Registration Ltd. (Dool. 9. 30. City Road, London, E.C.1. (01-628 5434-5).

**ONE DANCE** guaranteed more than £21,000 from bank, 2. 2. 20p. The London Market, Audrey House, 10, Place, E.C.1.

To the shareholders of

# BOVRIL

of course Cavenham is more exciting. But why are they assuming that you can't take excitement?

Many Bovril shareholders bought their shares because Bovril was an enterprising company pioneering in distant lands.

Now Bovril is a company which in ten years has had no growth in earnings. Rowntree is another company which, like Bovril, has shown virtually no profits growth in recent years.

Yes Cavenham is more enterprising and vital. Its record of profits growth clearly establishes this.

Accept the Cavenham offer and participate fully in a sound, prosperous and expanding group comprising both Bovril and Cavenham.

James Goldsmith,  
Chairman,  
Cavenham Ltd.

**Notes:**  
(1) The Cavenham shares in the offer are underwritten for cash.  
(2) Capital Gains Tax. This tax may be payable whenever you sell shares at a profit, and this applies to Rowntree, Cavenham or Bovril shares.

This advertisement is issued by Keyser Ullmann Ltd. on behalf of Cavenham Ltd. A duly authorised committee of Cavenham Ltd. has considered all statements of fact and opinion contained herein and accept individually and collectively full responsibility therefor.

مكتبة الأمل



# Bahrain signs friendship treaty with Britain

BY RALPH IZZARD

Sheikh Isa, the Ruler of Bahrain, and Sir Geoffrey Arthur, the British Political Agent, today signed a new treaty of friendship between Bahrain and Britain in a friendly ceremony at Government House.

They also exchanged notes relating to the long and friendly association between the two countries, and a declaration of independence by Sheikh Isa was made.

All the members of Bahrain's Council and Mr. Alec Stirling, the British Political Agent, were present at the ceremony. They hear both Sheikh and Sir Geoffrey refer in their speeches to the long and friendly association between the two countries in the past and the hopes for a continued relationship based on mutual respect as equal partners in the future.

## British Embassy

On the morning of the signing, a sign outside the British Political Agency was removed and replaced by one reading "British Embassy". It is understood here that Mr. Stirling has been raised to ambassadorial rank and will soon present his credentials.

Sir Geoffrey Arthur, who has assumed overall responsibility for the Bahraini States, will remain based here as British Political Agent until the end of the year, when the British Ministry of Defence in the Gulf is due to withdraw.

The text of the new friendship treaty has not yet been published. It is understood to be in general terms, but it does include a clause providing for consultation in time of need.

Independence has long been demanded by the population and was thus received

quietly without public demonstrations. An official day of celebration is expected to be announced shortly.

A number of unspecified countries are understood already to have made approaches regarding diplomatic representation. These are now under study.

Britain has lost her status as "most favoured nation" and trade competition, already keen, may well become sharper.

It is believed that Saudi Arabia has still to be given approval in an attempt to bring about a federation including Bahrain, Qatar and the seven Trucial States.

## Saudi Arabia

Richard Johns writes: Bahrain is officially planned to declare its independence in May but delayed the announcement largely because it was awaiting the blessing of King Feisal of Saudi Arabia.

It is believed that Saudi Arabia has still to be given approval in an attempt to bring about a federation including Bahrain, Qatar and the seven Trucial States.

Having committed itself to a union of the nine, King Feisal has been reluctant to give up the quest for it despite the fact that six of the Trucial States, led by Abu Dhabi, announced the formation of their own Federation last month.

Initially, Saudi Arabia, created difficulties for Bahrain's application for membership of the Arab League. There will also be opposition from the People's Democratic Republic of Yemen, which yesterday denounced Bahrain's declaration of independence as a reactionary imperialist plot.

It is understood to be in general terms, but it does include a clause providing for consultation in time of need.

Independence has long been demanded by the population and was thus received

BAHRAIN, Aug. 15.

## Israel foils Gaza strike

By Our Own Correspondent  
TEL AVIV, Aug. 15.

ISRAELI military authorities have foiled an attempted week's strike in the Gaza Strip, called in protest against the evacuation of refugees and against road building in two of the biggest refugee camps in Gaza.

The strike, which was called by the Palestinian guerrilla organisation last week and encouraged by special broadcasts from Cairo Radio was nearly complete yesterday.

All shops in the Strip were closed, public transportation paralysed and streets deserted. But on a personal order by General Mosh Dayan, Defence Minister, troops exchanged their steel helmets for welders' masks and welded the shutters of some 15 shops whose owners followed the strike call. Immediately afterwards other shopkeepers opened their stores and public transportation was resumed. Only local labourers who normally work in Israel did not show up in their factories today.

According to the Israeli authorities, the strike has completely failed. On the other hand, it is learned that there has been no response up to now to the military Government's call on the guerrillas to surrender.

Mr. Shimon Peres, Transport Minister, who is responsible for the resettlement of refugees, told an Israeli interviewer that 2,000 refugee families had been evacuated so far and that 4,000 more families would be evacuated in the near future. The military Government is determined to continue with thinning out the refugee camps in the Gaza Strip. However, it is reliably learned that the United Nations relief organisation is not co-operating with the military authorities in this resettlement programme and those refugees who are being transferred to Sinai will get their food allocations from the Israeli authorities and not from the United Nations.

## Hints of a change in Greek constitution

BY OUR OWN CORRESPONDENT  
ATHENS, August 15.

REPORTS over the week-end suggested that the military regime was preparing to announce important constitutional changes in the near future. The announcement may be made on August 22 at the opening of the international trade fair at Salonika, usually inaugurated by the Prime Minister.

Speculation stems from a harder line adopted by the Government in recent weeks and measures obviously intended to neutralise its opponents and the Press. On Friday, the Government deprived Mr. Andreas Papandreu of his Greek nationality for his activities abroad against the regime. Mr. Papandreu, a former Minister and son of the late Premier, George Papandreu, is rated as one of the leading opponents of the regime.

According to reliable sources, about 30 more prominent Greeks will be deprived of their nationality on the same grounds. Observers believe this is meant to invalidate opponents of the regime in the possibility of a sudden referendum or elections.

The toughest line has come after a U.S. Congressional committee voted early in August to deny Greece \$118m. in military aid in an effort to prod the Greek regime to restore parliamentary rule. Although Premier George Papandreu has stated that constitutional changes should not be expected this year, American pressure for a return to democratic rule may precipitate the regime into taking some sort of deterrent action before the year is out.

Insiders believe the Premier, who reportedly views himself as a Greek de Gaulle, may decide

## Fishery fears over seabed oil tank

OSLO, August 15

NORWAY'S Fisheries Director fears pollution of fishing grounds by the giant undersea oil storage tank which the Phillips group plans to put on the North Sea bed by its Ekofisk oilfield.

In a letter to his Ministry, the director says thorough studies of the pollution danger must be made before the tank is put to use. First, he says, the studies must ascertain whether there are likely to be any toxic hydrocarbons in the sea water which will periodically be released from the tank's nine storage cells. These cells will always be kept full with the help of sea water, and as oil is pumped in, some of the sea water will be released.

The tank, which will be the first of its kind in the world, will be able to hold 160,000 tons of crude oil. It is already under construction at a site near Stavanger. When it is finished, it will be towed to the Ekofisk field and lowered into place.

## SPRECKLEY

### Preliminary Announcement

The audited trading results of Charles Spreckley Industries Limited for the year ended 31st March, 1971 are:—

|                            | Year to 31.3.71 | Year to 31.3.70 |
|----------------------------|-----------------|-----------------|
| Sales .....                | £4,868,099      | £2,821,415      |
| Group trading profit ..... | 467,863         | 247,706         |
| Taxation .....             | 172,862         | 108,946         |
|                            | 295,001         | 138,760         |
| Minority Interest .....    | 4,500           | 28,106          |
|                            | 290,501         | 110,654         |

Cost of Dividends (less amounts waived) 86,342

In November, 1970, when the Company acquired the operating subsidiaries of Sage-CCO Ltd., the profits of Charles Spreckley Industries Limited for the year to 31st March, 1971, before tax and after including the Sage results from 1st October, 1970, were forecast to be not less than £450,000. This forecast having been exceeded and as trading throughout the Group is most satisfactory—in certain Divisions having indeed reached record levels—the Directors have every confidence in proposing a final dividend of 12% as anticipated in the merger document of 30th November last.

As regards the current financial year, orders in hand which are due to be executed within the year together with sales already completed amount to £6m. Sales should be well in excess of those achieved in 1970-71 by the various companies now comprised in the Group.

Re-organisation of the combined companies into seven functional divisions has now been completed, with corresponding decentralisation of administration and rationalisation of production. Certain capital projects in hand have yet to be completed in order to cater for the growth of business now being experienced. In particular the Group's factories at Haringey, Gosport and Southampton are being enlarged and the Belgian subsidiary has so outgrown the capacity of its present premises that a 6-acre factory complex on the outskirts of Brussels has been acquired. This provides a springboard into Europe for all Spreckley divisions and an on-the-spot service for Spreckley clients expanding on to the Continent.

## Foundry ITB offers 200 training awards to youth

BY ELSBETH GANGLIN

IT Government and industrial board action to alleviate difficulties school-leavers have at present continues.

The latest to announce helpful measures is the Foundry Industry Training Board. It offers up to 20 awards for suitably qualified 15 to 17-year-olds who have a job and employment will be available at the end of the year.

The Department of Employment will pay half the cost of this scheme, as it has agreed to do in the case of the similar scheme announced last week by the Engineering ITB. The Department will also refund to the Road Transport ITB an amount equal to the allowances it pays to unemployed men who go for training under Government schemes for the 100 jobs this Board is to train as heavy goods vehicle drivers. (Such allowances are higher than the unemployment benefit, and are given as an inducement to go in for training.)

The Road Transport ITB expects its scheme to prove a quick success and hopes to extend it.

receive £5.50 a week. Their year's course will follow the normal pattern laid down by the FITC for technician and craft trainees, and successful trainees will receive the committee's first year training certificate. Every effort is promised to ensure that employment will be available at the end of the year.

The Department of Employment will pay half the cost of this scheme, as it has agreed to do in the case of the similar scheme announced last week by the Engineering ITB. The Department will also refund to the Road Transport ITB an amount equal to the allowances it pays to unemployed men who go for training under Government schemes for the 100 jobs this Board is to train as heavy goods vehicle drivers. (Such allowances are higher than the unemployment benefit, and are given as an inducement to go in for training.)

The Road Transport ITB expects its scheme to prove a quick success and hopes to extend it.

## Danger in studies of future

THERE is a danger that institutions which make a business of studying and predicting the future could threaten political freedom, according to the authors of a new study by Political and Economic Planning.

They say that this is the most valid objection to futures studies. People in positions of supreme power might take the advice of such experts and by-pass conventional civil service procedures.

"In modern conditions of anxiety and peril, the influence of such up-dated soothsayers behind the throne could be disastrous. The possible threat relates not only to international affairs but to domestic also."

Until now governments had been concerned with the short and medium-term future and the electorate and its representatives had the task of checking the executive's plans over such a period.

But if the executive was now to concern itself with the long-term future, the legislature and the electorate must be informed of the intentions in this regard.

## Sussex unit

The book, ... And Now The Future, written by Charles de Houghton, a member of PEP's research staff, William Page, a market researcher, and Guy Streetfield, editor of the journal Futures. It examines the current state of future studies and gives an exhaustive list of persons and institutions engaged in such work throughout the world.

They stress that although Governments and governed are duty bound to have a care for the future, there is a need to be wary.

"There is no reason why anyone should not, if he is temperamentally so inclined, look to the future with optimistic awe," they conclude. "But he has no right to regard the new and as yet untested art of its study as anything more than a stimulus to greater awareness and vigilance."

PEP points out that the study comes at an appropriate time, as Sussex University's long-term forecasting unit begins work this October. Sponsored by the Social Science Research Council and other bodies, it will carry out a five-year programme within the university's Science Policy Research Unit.

In a statement, PEP says: "This country now has, therefore, even if on a comparatively small scale, an institution for the study of the future similar to those at work in the U.S., several European countries and elsewhere."

And Now The Future, PEP Broadsheet 529, £2, obtainable from Research Publications, Victoria Hall, Finsbury Street, East Greenwich, London, SE10.

Society Today Page 11

## AT YOUR NEXT CONFERENCE, IF...

you book it NOW at Richmond Hotel, Attenborough, for example, you will find it an extra glow added to your conference. The hotel is a fine example of modern architecture and offers a wide range of facilities for your conference. The hotel is a fine example of modern architecture and offers a wide range of facilities for your conference.



QUEEN'S HASTINGS

At the Victoria and Albert Museum, South Kensington

AUGUST 19 — OCTOBER 10

## COVENT GARDEN

25 Years of Opera and Ballet

A fascinating exhibition which reviews the theatre's post-war achievements with a glimpse into its future, music, film, models, scenery, costumes, stage properties, documents and photographs.

Includes Callas and Gobbi in Tosca Act II; Fonteyn and Nureyev in Marguerite and Armand; specially made film of 'Onegin' as Ondine, Bergsma as the Lilac Fairy and five pairs of dancers in the Balcony scene from Romeo and Juliet.

There are models for Romeo and Juliet and Anastasia, The Knot Garden, Aida and Tristan and Isolde; paintings by David Lockney, Brian Organ and others; and proposed plans for the redevelopment of the Royal Opera House when the Market moves.

Weekdays 10-6 (Tuesdays 10-9) Sundays 2.30-6  
Admission: 30p. Students and OAP's 20p.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange, London.

## HALGYON INVESTMENTS LIMITED

| Authorised | SHARE CAPITAL                         | Issued and to be Issued Fully Paid |
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| £100,000   | 1,000,000 Ordinary Shares of 10p each | £100,000                           |
| £100,000   |                                       | £100,000                           |

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DE ZOETE & BEVAN,  
25 Finsbury Circus,  
London E.C.2.

New Issue

This advertisement appears as a matter of record only.

August 16, 1971

## YOKOHAMA CITY

DM 100,000,000.—

8% Deutsche Mark Bonds of 1971/1986  
irrevocably and unconditionally  
guaranteed by the Japanese Government

Offering price: 100%  
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Redemptions: from August 1, 1977 in 10 annual instalments through purchases in the market or drawings by lot at par.

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## ENGINEERING AND METAL—Gen. Cont. HOTELS AND CATERERS—Continued

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## Figure 4. Continued

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For Notes see Page 13

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**BROOKS**  
Ventilation Units Lead the industry  
Croydon 01-666 2361

**Lombard**

## The way to subdue a problem child

BY C. GORDON TETHER

"I WISH," writes Sir Gressing Vocham, head of the Academy for Central Bankers at Hetherington, "that all those readers of the Lombard Column who have contributed to the fund to improve the amenities of the Principal's country retreat could have been with us for the students' end-of-term presentation of life as the embryo central banker sees it. I am sure they could not have failed to be convinced of the transcendental value of our work."

"It would take," he goes on, "a brush possessing much greater artistry than mine to do justice to this performance. There was, for example, the item in which they gently mocked the fashionable theme that the economic tie-up between France and Germany has permanently ended their traditional enmity. Entitled 'The Fourth Franco-Prussian War,' it made the point that the old enmity is carried on enthusiastically as ever but that now the weapons are exchange rates rather than guns."

### Outfanked

"The scene opened with the French entrenched behind their Maginot Line of fixed attitudes, confident as ever that their impregnable concrete would enable them to hold out indefinitely. They discover the limitations of their thinking when they awaken one morning to find that the Germans, skillfully deploying their secret weapon—a white manoeuvring tank—have outfanked them."

"They feverishly set about improvising defences on this new front. But as the curtain falls on the opening shots in the impending engagement, we have a pretty shrewd idea who is going to emerge victorious."

"Then there was the final number—'To Indulge in Conquer'—a colourful portrayal of the remarkable success the central banking community has had in bringing dollar imperialism to heel by the simple expedient of encouraging its excesses through intensive development of the Euro-currency market."

### All fail

"In a family of great affluence, the one problem is the determination of the much-loved only child to have its own way. As it grows, nurse after nurse tries to get it to develop a sense of proportion. One seeks to teach it civilized behaviour by studiously showing it the error of its ways. Another relies on the proposition that to spare the rod is to spoil the child. They all fail to make any impression on it, even the French lady with the beard of gold."

"Finally, in desperation, the parents reply to an advertisement in the local newspaper offering the services of a 'new look children's nurse employing revolutionary disciplines that can be relied upon to cut the most recalcitrant infant down to size.'"

"To our surprise, the 'revolutionary' technique turns out to be nothing more than insistence upon encouraging the child to perpetrate even bigger excesses. Not only does the new nanny make a point of satisfying its every whim; she goes out of her way to make it clear that it has only to ask to be given what it wants. The infant is understandably delighted to find that the day after tomorrow it will be a day after day eating its way through a box after box of candies, going to bed as late as it wants to."

### Sinister

"Needless to say, its health begins to deteriorate as its intemperance turns it into a bad case of over-weight. And as this, together with the lack of adequate rest, gradually produces a state of complete exhaustion, the sinister purpose of the new nurse's unorthodox approach emerges. With the cringing child now dependent on her for its very survival, she unceremoniously makes it clear that in future it will do exactly what she wants it to do when she wants it to do it. And we soon see that the message has been both received and understood."

"This glowing tribute to the ability of the central banker to subdue even the most powerful political bloc through appropriate use of his financial skills naturally went down extremely well with our audience." Sir Gressing concludes, "and it was with the greatest pride that we rose to affirm more loudly than ever that we shall all swing together as we swear by the best of schools."

## THE LEX COLUMN

# Changing attitudes to golds

Looking at the FT gold mines index over the past few years against the world currency background, it would appear that the price trends seem to discount events about one year ahead. Thus the index peak of 87 back in early 1968 came just about a year before the gold price peaked in March 1969 at about \$431, when the golds index had eased under 80. Equally the spring 1970 high of the index was over 55 against 58 to-day when the age-old problem of the dollar really does look as if it has come to a head.

**Psychology**

During this period, the idea that a big rise in the official gold price was likely in the short/medium-term has been losing adherents. It has been pointed out that European interest in a major revaluation back in 1967, after the U.S. had lost over \$10,000m in the previous decade, had cooled considerably by 1971, when Europe had accumulated perhaps \$20,000m. more of paper dollar obligations and only a mere year against the buoyancy of the \$2,000m. of gold from Fort Knox.

That does not, however, spell doom for the golds. At the same time—causally perhaps—the psychological element in gold share buying has been losing force—that is at the level (58) it stood at the time of the French monetary move. At some stage, which could be soon, the right conclusion will be that disillusionment has gone far enough; and the plain why, despite the course of events, the index only stood at 58 after the latest French protectionist move against 61 at the peak of the DM rush this year.

All this would theoretically leave gold share prices liable to drift in quiescence as the present apparent dollar crisis is resolved; and if there are further developments such as the Swiss Franc (and perhaps Sterling and the Lira) being forced to float, we would not expect much excitement in the golds sector, where between 1967 and 1970, as a result of gold shares (9 per cent rate) or the shares who read 1970's leaders assumption of a 31 per cent. and laggards tables with such annual price increase and one

of 7. That means good value against fixed interest stocks and against any fancy rating for shares.

### Cawoods

Cawoods' 1970-71 profits are up from an adjusted £1.65m. to £2.09m. pre-tax, and that includes the share of associated company income, in for the first time, of £146,000 (against £39,000). The fuel distribution side has suffered the predictable hangover from the first full year without the Regent contract, partly offset by higher solid fuel profits. So all the growth comes from Cawoods' other interests, reflecting the impact of extra volume on high operational gearing in aggregates and building supplies, compounded by the associated companies plus loss elimination. There is more of that to come this year, with concrete products finally moving into the black. Elsewhere, closing down the contracting side knocked off £84,000 of losses, while refrac-

485p the shares are now 69 per cent. above their 1971 low and that represents a 25 per cent. premium over net worth, according to the Myers tables adjusted for latest market values. In the context of the general investment trust rating this means a 43 per cent. premium over the average 13 per cent. discount. In cash terms with a fully diluted capitalisation of £56m., investors are paying £11m. for the RIT expertise. But the absolute size of this premium serves as a reminder that the bigger the trust gets—whether or not this is in Rothschild's interest—the harder it is for it to out-perform the average. Meanwhile, the rating obviously owes a lot to the glamour attached to the RIT philosophy, and in passing it is worth noting that unquoted investments (including such well-known stakes as Sotheby's and Wedd Durlacher) account for less than 10 per cent. of the March, 1971, look at Rothschild Investment total. Trust's premium rating. At

### Rothschild Inv.

The annual report provides a good opportunity to take a look at Rothschild Investment total. Trust's premium rating. At

## Public more optimistic over prospects in EEC

FINANCIAL TIMES REPORTER

THE BRITISH public is now taking a more favourable view of prospects should this country enter the EEC. This is shown by the second of the special surveys conducted for the Financial Times by British Market Research Bureau Ltd.

Whether this shift in the view taken of future prospects is the main factor in swinging opinion in favour of entry, or whether it is the result of the growing acceptance that Britain will in fact join is not clear at this stage.

| Do you think Britain will join the Common Market? | July-Aug. 1971 | June 1970 |
|---|----------------|-----------|
| Yes   | 85             | 76        |
| No  | 7              | 11        |
| Don't know  | 8              | 13        |

Are you personally in favour of Britain joining the Common Market?

|            |    |    |
|------------|----|----|
| Yes        | 34 | 22 |
| No         | 51 | 67 |
| Don't know | 16 | 11 |

The economy will grow faster or slower than otherwise?

|        |    |    |
|--------|----|----|
| Faster | 44 | 33 |
| Slower | 23 | 36 |

British farmers will be better off or worse off?

|            |    |    |
|------------|----|----|
| Better off | 42 | 39 |
| Worse off  | 37 | 52 |

We shall lose a lot or only a little of our national identity?

|               |    |    |
|---------------|----|----|
| A lot         | 40 | 52 |
| Only a little | 46 | 34 |

Prices of manufactured goods imported from other market countries will rise or fall?

|      |    |    |
|------|----|----|
| Rise | 37 | 50 |
| Fall | 36 | 32 |

Most people will be better off or worse off?

|            |    |    |
|------------|----|----|
| Better off | 33 | 21 |
| Worse off  | 48 | 65 |

General income-tax level will rise or fall?

|      |    |    |
|------|----|----|
| Rise | 33 | 46 |
| Fall | 24 | 20 |

Competition from abroad will put a lot of firms out of business?

|                          |    |    |
|--------------------------|----|----|
| A lot                    | 45 | 51 |
| Not make much difference | 42 | 35 |

British workers will have longer or shorter paid holidays?

|         |    |    |
|---------|----|----|
| Longer  | 66 | 58 |
| Shorter | 9  | 10 |

British workers will have longer or shorter working hours?

|         |    |    |
|---------|----|----|
| Longer  | 16 | 19 |
| Shorter | 63 | 48 |

Food prices in Britain will rise or fall?

|      |    |    |
|------|----|----|
| Rise | 93 | 95 |
| Fall | 2  | 2  |

Middle class people will benefit more or less than working class people?

|      |    |    |
|------|----|----|
| More | 45 | 50 |
| Less | 16 | 14 |

Social security benefits will rise or fall?

|      |    |    |
|------|----|----|
| Rise | 49 | 41 |
| Fall | 18 | 23 |

## BOAC new cheap fare plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Overseas Airways Corporation is understood to be ready with additional new cheap fares of its own, going even further than the already announced "Early-bird" rates, if the current scheduled airlines' Atlantic fares disagreement ends—as many believe it will—in an "open rate" situation from next April 1.

Some indications of these plans may be given publicly later this week by Mr. Keith Granville, chairman, when he presents the airline's report and accounts for 1970-71.

Although last week's Montreal fares conference of the International Air Transport Association ended abruptly when Lufthansa voted against a "package" of new fares agreed there by all the other airlines, nobody doubts that all the scheduled airlines, including Lufthansa, are now committed to cutting fares.

Lufthansa made it clear that it only disagreed with the Montreal "package" as such, and not with the principle of fares reductions.

The September 1 deadline set by the conference to enable Lufthansa to change its mind is now regarded by most in air transport as already passed.

Lufthansa clearly has no intention of changing its mind, and thus it seems certain that on September 1 the IATA will have to declare formally that an "open rate," or free-for-all, situation must prevail from next April 1.

The big question then will be just how far the airlines will be prepared to go in cutting fares. Nobody really wants an all-out "price war" that could be very damaging, and so most of them will probably be happy to introduce collectively the basic package agreed to at Montreal by all except Lufthansa, including the new cheap Advanced Purchase and Excursion rates of £33-£104 according to season.

But Lufthansa has already said it has plans of its own that might go even below those fares. It is to meet just such a contingency that BOAC itself is frantically

believed to have even more radical plans that it would be prepared to introduce if necessary.

The APEX rates of £33-£104 are already slightly above the £75 "Early-bird" return fare BOAC originally wanted to introduce, and it is thought possible that it might be prepared to go even lower than that if necessary.

This will be one prong in BOAC's own attack on the charter competition on the North Atlantic that has so worried all the scheduled airlines in recent years.

A second move will be to throw the Corporation's new charter subsidiary, British Overseas Air Charter, directly into the battle with the U.S. "supplementals" and the U.K. independents on the Excursion rate of £33-£104.

BOAC itself is believed to be confident that with its own marketing skills and vast network it can give the non-scheduled operators a major

ingenuity that BOAC itself is frantically

## Swiss revaluation unlikely

BY OUR OWN CORRESPONDENT

ZURICH, August 15.

ASSUMPTIONS of a further Swiss-Franc revaluation are completely discounted here as rumours spread by short-term speculators. The fact that the National Bank has kept its lower intervention level at the provisional level of Sfr4.06 and not dropped it to the official Sfr4.01 has emboldened these buyers very considerably, it is thought.

The very idea of a new revaluation seems absurd on the face of it. Apart from the fact that the May revaluation was aimed more at controlling the overheated economy than at regulating the foreign-exchange market—and that it has hardly been successful Friday dollars for Monday book-

## Mechanical engineering output 'up in 1972'

BY ELSETH GANGLIN

OUTPUT in the mechanical engineering industry is not expected to pick up until the second half of 1972 and in 1973, concludes the Economic Development Committee for Mechanical Engineering's short-term trends working party in its latest quarterly report, published today.

Net new orders in the light-medium sector (excluding turbines and other prime movers) dropped to £832m. in the first three months of 1971, compared with £701m. in the corresponding quarter of last year. Indeed there was a steady fall since January, February and March last year. Against this, in the heavy engineering sector, new orders tended to remain above deliveries, states the report.

The report was prepared before the mini-Budget of July 19, and production for this year was then expected to be as much as 2 per cent. lower than in 1970. A new estimate, prepared in the light of the Chancellor of the Exchequer's measures, is that production may be nearer the level of 1970 after all. But the main boost is still not expected

to come before the second half of 1972.

Industry had not yet had time to reach any considered conclusions about the effect of the Chancellor's measures, it is pointed out. It remained to be seen how quickly and how far the changes in Purchase Tax rates and hire-purchase regulations, together with the CBI initiatives to moderate cost inflation, would restore business confidence and boost consumer spending.

However, "on top of the increase in spending which was already likely during the coming months, the effect on private consumption could be very substantial."

### Time needed

But because of the present low level of capacity utilisation in most sectors of the economy, other than motors and colour television manufacture, any rises in demand were likely to take some time to work through to the investment.

Furthermore, the magnitude of any eventual stimulus to investment in plant and equipment would also depend on how

confident industry could be that home demand would not be cut back and that U.K. costs would not move out of line with those of overseas competitors, before any new capacity comes into production.

And there was the risk that if manufacturing industry limited its price increases, while cost inflation continued at a high rate, industry's ability to invest could be adversely affected.

The increase in depreciation allowances, on the other hand, "seems likely to lead to some bringing forward of investment."

The report also records decreases in employment, overtime and unfilled vacancies in the quarter up to April, 1971. In May, vacancies for skilled engineering labour were at their lowest level since mid-1963.

There were about three skilled men unemployed for every vacancy. The working party found evidence of cutbacks in research and development and design staff and of lower graduate recruitment and suggests that the long-term international competitiveness of the industry could be seriously affected by this.

## Support for Lynch on Ulster

BY DOMINICK J. COYLE

DUBLIN, August 15.

MR. LYNCH, the Irish Prime Minister, expects to get full support from the two opposition parties here, Fine Gael and Labour, for his now formalised "Stormont must go" campaign.

He is to outline his Government's policy on Northern Ireland to the respective party leaders, Mr. Liam Cosgrave and Mr. Brendan Corish, later this week.

This Parliamentary backing, which is likely to be forthcoming, at least in general terms, could be important for Mr. Lynch personally, since it would reinforce his position in the face of continuing opposition from a number of dissidents within the ruling Fianna Fail Party, including some former Ministers.

There will also be further contacts this week between the Dublin Government and representatives of the minority in the North, including the Social Democratic and Labour Party (SDLP) and the Nationalists. They, in fact, have the immediate task of organising the comprehensive programme of civil disobedience, including the non-payment of rents and rates, which Mr. Lynch has committed his Government to support.

### No secret

The Prime Minister has been careful not to qualify in public the precise nature of this support, but it is no secret in official circles here that the Lynch Government is hoping for a massive demonstration by the north-

ern minority that it, too, is determined to bring down the Faulkner administration.

The Government is satisfied that positive civil protest is now the minority's most effective weapon against Stormont and scaled down and replaced by London. It is argued here that some extent by a stepping up of the civil protests. The IRA "provisionals" also met the Press in Dublin yesterday. They intend, in Northern Ireland and the according to one of their spokesmen, to present the security forces with an impossible problem, while also serving as a campaign of sabotage in useful, albeit indirect, diplomatic support suggested that targets had

of Mr. Lynch's demand for a already been selected.

political solution to the present crisis.

The IRA "officials" at a news conference here yesterday said their military operation in Northern Ireland would be scaled down and replaced by some extent by a stepping up of the civil protests. The IRA "provisionals" also met the Press in Dublin yesterday. They intend, in Northern Ireland and the according to one of their spokesmen, to present the security forces with an impossible problem, while also serving as a campaign of sabotage in useful, albeit indirect, diplomatic support suggested that targets had

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## Weather

U.K. TO-DAY

Most of England, Wales & Scotland will have a dry day with some sunny spells after the places at first. N. and W. Ireland will have good deal of cloud and there be occasional rain in some areas. Temperatures generally will be below the season normal.

London, S.E., Cent. S. and E. of E. Anglia, Midlands & Sunny spells after some patches at first. Wind W. to N. light. Max. 20C (68F).

Channel Isles, S.W. Eng. & Sunny spells in most places at first. Wind N. to N.E. light. Max. 19C (66F).

Wales, N.W. Eng., Lake District & Isle of Man

Variable cloud but generally dry with some sunny spells. N.W. light or moderate. Max. 19C (66F).

Cent. N. and N.E. Eng., Border & E. Scot., Edinburgh & Mostly dry with sun and Wind N.W. light. Max. 19C (66F).

S.W. Scot., Glasgow, Cent. Highlands, Dundee, Argyll & N. Ireland

Variable cloud with some sunny spells, perhaps occasional rain in places later. Wind light or moderate. Max. 18C (64F).

Caithness, N.W. Scot., Orkney & Shetland

Rather cloudy with hill patches, occasional rain in places. Wind N.W. moderate. Max. 14C (57F).

Outlook: Mostly dry with sun periods but rather cloudy with rain at times. Normal temperatures.

### BUSINESS CENTRES

| City      | Temp | Wind | Cloud  |
|-----------|------|------|--------|
| Amsterdam | 18   | 4    | Partly |
| Brussels  | 18   | 4    | Partly |
| Frankfurt | 18   | 4    | Partly |
| Geneva    | 18   | 4    | Partly |
| London    | 18   | 4    | Partly |
| Madrid    | 18   | 4    | Partly |
| Munich    | 18   | 4    | Partly |
| Paris     | 18   | 4    | Partly |
| Rome      | 18   | 4    | Partly |
| Stockholm | 18   | 4    | Partly |
| Vienna    | 18   | 4    | Partly |
| Zurich    | 18   | 4    | Partly |

### HOLIDAY RESORTS

| City      | Temp | Wind | Cloud  |
|-----------|------|------|--------|
| Amsterdam | 18   | 4    | Partly |
| Brussels  | 18   | 4    | Partly |
| Frankfurt | 18   | 4    | Partly |
| Geneva    | 18   | 4    | Partly |
| London    | 18   | 4    | Partly |
| Madrid    | 18   | 4    | Partly |
| Munich    | 18   | 4    | Partly |
| Paris     | 18   | 4    | Partly |
| Rome      | 18   | 4    | Partly |
| Stockholm | 18   | 4    | Partly |
| Vienna    | 18   | 4    | Partly |
| Zurich    | 18   | 4    | Partly |

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